FOR THE YEAR ENDED **SEPTEMBER 30**

2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Rowlett
TEXAS

Cover photo by Jim Katzenberger-

Spearheaded by the Rowlett Arts and Humanities Commission and housed in Schrade Bluebonnet Park, the Spirit of Rowlett sculpture was created by local artist Troy Connatser.
Much like a phoenix rising from the ashes, it represents the strength and resilience of our community in the aftermath of the EF4 tornado that so severely impacted Rowlett on December 26, 2015.

City of Rowlett, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended
September 30, 2018

Prepared by
Department of Financial Services

Rowlett
TEXAS

City of Rowlett, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018
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Introductory Section

Rowlett
TEXAS

Mayor ~ Tammy Dana-Bashian
Mayor Pro Tem – Martha Brown
Deputy Mayor Pro Tem ~
Matt Grubisich
City Council ~
Robert Blake Margolis
Brownie Sherrill
Debby Bobbitt
Pamela Bell
City Manager ~ Brian Funderburk

City of Rowlett ~ www.rowlett.com
4000 Main Street Rowlett, TX 75088
Phone ~ 972.412.6100 Fax ~ 972.412.6118

A well-planned lakeside community of quality neighborhoods, distinctive amenities, diverse employment, and cultural charm. THE place to live, work and play.

February 7, 2019

To the Honorable Mayor, City Council, and Citizens of the City of Rowlett, Texas:

The Department of Financial Services and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the City of Rowlett, Texas for the year ended September 30, 2018.

The purpose of the report is to provide the City Council, City staff, Rowlett citizens, bond holders, and other interested parties with detailed information reflecting the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We assert that the data, as presented, is accurate in all material respects and is organized in a manner which fairly presents the financial position and results of operations of the City.

City management is responsible for developing a comprehensive framework of internal control to provide reasonable, rather than absolute, assurance that the assets of the City are protected from loss, theft or misuse, and for the reliability of financial records when preparing the financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of the control should not outweigh the benefits likely to be derived and that the evaluation of cost and benefit require estimates and judgements by management.

Weaver and Tidwell, L.L.P., an independent firm of certified public accountants, has issued an unmodified ("clean") opinion on the City of Rowlett's financial statements for the year ended September 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A and this letter are complimentary and should be read together.

Profile of the Government

The City of Rowlett is located 20 miles northeast of Dallas. Rowlett rests on two peninsulas reaching out into Lake Ray Hubbard with more than 30 miles of beautiful shoreline. It currently occupies 20.8 square miles and was the hometown choice to an estimated population of 62,868 for fiscal year 2018.

Rowlett voters approved a home rule charter in 1979 establishing a Council-Manager form of government, empowering the City Council to levy a property tax on both real and personal property located within its boundaries.

Under the Council-Manager form of government the Mayor and the City Council establish policy and law, and the City Manager handles day-to-day management of the City organization. As a representative system, all power is concentrated in the elected City Council, and the Council then hires a professionally trained manager to oversee the delivery of public services. This system combines the strong political leadership of elected officials in the form of a council with the managerial experience of an appointed local government manager.

The City Council is elected at-large representing all residents within the City Limits. The Mayor and six Council members serve staggered three year terms creating a three-year cycle. The Mayor and three Council positions are filled in one cycle, three Council positions are selected in the second cycle, and there is no election in the third cycle.

The City Manager is appointed by the City Council, and serves as the Chief Executive Officer of the city government. The City Manager is responsible for implementing the policy direction of the City Council in an efficient, effective, responsive, and responsible manner.

A full range of services is provided by the City. These services include general administration, police and fire protection, library services, recreational services, parks maintenance, public works and public utilities. Public works provides construction and maintenance of roadways and infrastructure, while public utilities provides water distribution, sewer collection, drainage, and sanitation services. Sewage treatment is provided by the City of Garland, and treated water is provided by the North Texas Municipal Water District (NTMWD). FCC provides sanitation collection services for residential and commercial customers.

The City Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their revised expenditure estimates for the current year and their projections for the upcoming year. These expenditures are evaluated and combined with the projected revenues to formulate the City Manager's budget. This proposed budget is presented to the governing body. Through subsequent budget meetings and public hearings a final budget is developed and adopted by the City Council.

The budget is developed on a departmental level and adopted at the fund level. Department management generates monthly reports that detail expenditures and revenues on a departmental and line item level. This report presents a comparison of budgeted and actual expenditures, providing for the management review of budgetary compliance. Expenditures may not exceed the fund level budget without City Council approval. The City Manager has the authority to make budgetary changes up to the fund level.

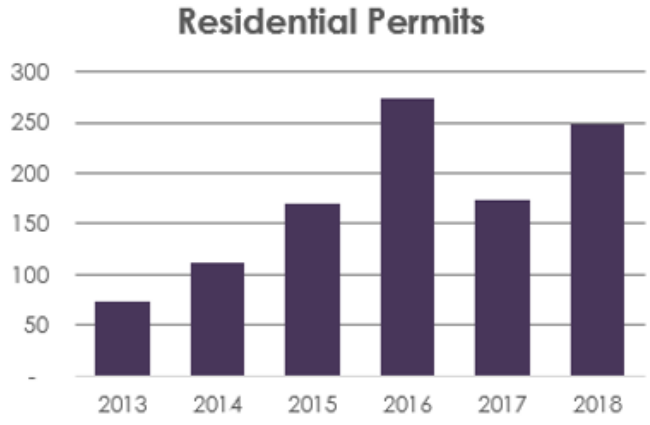
It is possible to amend the budget with City Council action to provide for any items that were unforeseen during the regular budget process. Most unexpended appropriations lapse at year-end; however, the City's financial policies specify that funds budgeted for capital purposes automatically carryover into the new year as well as operational purchases encumbered as of the last day of the fiscal year.

Rowlett takes its responsibilities to its citizens seriously and has received numerous accolades over the years that include:

- Top 25 Places to Live – Money Magazine
- #1 America's Best Small City to Move to – Movoto
- Top 50 Best Small Cities for Families – Nerd Wallet
- #3 Safest City in Texas (population over 50,000) – Value Penguin
- Top 100 Cities to Start a Business - How to Start an LLC
- #9 Safest City in Texas, 25th percentile in U.S. (population over 50,000) - Safehome.org
- One of only 257 cities in the U.S. listed as Playful City USA – KaBOOM!
- 4th City in Texas to receive all 5 Transparency Stars from the State of Texas Comptroller
- AA General Obligation Bond Rating

Local Economy

Rowlett is a vibrant community situated on beautiful Lake Ray Hubbard. It offers a small town feel within one of the fastest growing metropolitan areas in the U.S. Rowlett has become a prime location for new development with the completion of President George Bush Turnpike and the DART Blue Line light rail. These two major regional transportation improvements now serve as the economic engines that bring visitors and major development to the heart of Rowlett, making Rowlett the destination of choice for even more businesses. To further capitalize on these enhancements, in 2010 and 2011, City and community leaders created a vision called Realize Rowlett 2020, providing a blueprint for quality and sustainable developments that establish a sense of place and encourage healthy living. Since that time, Rowlett has announced over $1.5 billion of unique projects and investments that will rival any development in the United States. Rowlett is also reaping the benefit of an improved housing market and new growth. New businesses have come to Rowlett bringing jobs and tax dollars as well. Residential building permits in Rowlett increased 43% in the current year from 173 in 2017 to 248 in 2018; 40 permits in 2017 resulted from the 2015 tornado. Net of tornado permits issued in 2017, the City realized an 86% increase in residential permits in 2018. Rowlett anticipates continued increases in permits as more planned development continues. Commercial permits continue to reflect a strong pattern of growth as new construction added approximately $84 million in new taxable value to the tax rolls for FY2018.



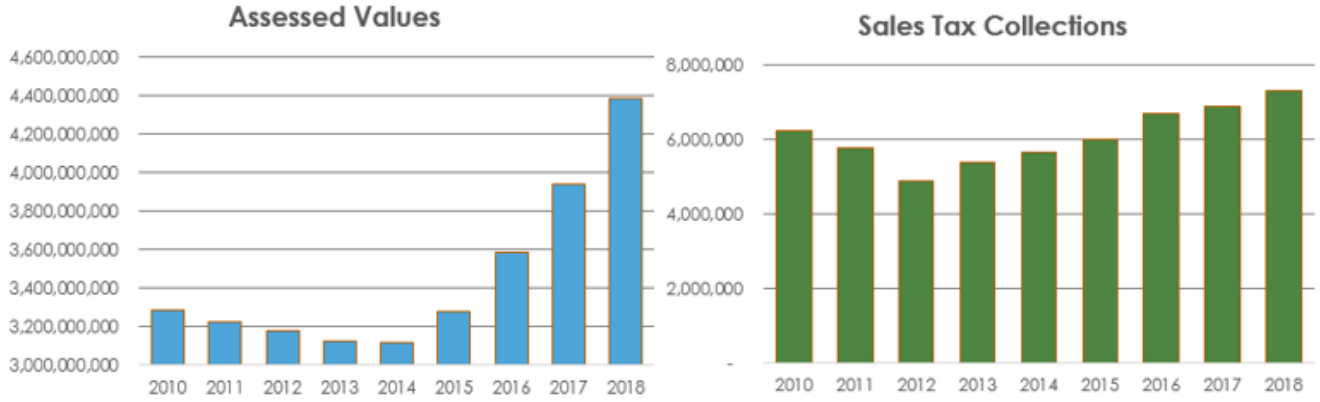
Economic development continues to provide phenomenal growth opportunities for Rowlett. Bayside construction is in progress on the north side and every quadrant of the City has major projects underway. Even more exciting is that projects under development for the past two years are now complete and open, such as the Village of Rowlett and The Homestead at Liberty Grove. While there are significant single-family projects underway in Rowlett, many of these new projects will add quality, high-end multi-family options providing an alternative living atmosphere. New businesses in Bayside will provide the types of employment opportunities in retail and entertainment not yet experienced in Rowlett.

Figure 1 – Downtown Rowlett at Night

A Strategic Future!

In 2018, the City embarked upon a new journey to develop a strategic plan and to engage our community leaders, residents and businesses to develop a community vision and focus our priorities on what matters most.

Rowlett has experienced significant increases in its property tax values over the past few years. The FY2018 taxable property values (2017 tax levy) increased 11.4% over FY2017. Based on the newly released 2018 tax levy, the City will experience an additional increase of 12.4% for FY2019. Sales tax also reflected the positive economic growth the City is experiencing with an increase of 6.6% over previous year collections.



Rowlett's commitment to sustainable growth coupled with an educated and motivated workforce provides strong unemployment rates for the City of Rowlett at 3.3%, down from 3.4% in the previous year. In comparison, the State of Texas reports an average of 3.7%, and the national average is 3.6%. Rowlett's median household income is $90,391 with 33.4% of its residents holding at least a bachelor's degree, compared to the national average of $57,652 and 30.9%, respectively.

Relevant Financial Policies

The City has established reserve policies for its operating funds as follows:

Fund Type	Reserve Balance Requirement
Governmental	
General Fund	25%
Golf Fund	One Year Debt Service
Proprietary	
Water and Sewer Fund	90 Days Net Operating Expenses
Drainage Fund	10%
Refuse Fund	5%

The City's ability to maintain adequate reserves is critical to allowing flexibility in budgeting and responsiveness to unforeseen short term economic conditions. The City is proud to report that reserve balance requirements have been met or exceeded in the Water and Sewer, Refuse and Drainage funds as noted above. The City's General Fund fell short of the reserve requirement by 2.7% due to a 12% increase of the reserve balance requirement in 2017. This is the second year that the new aggressive requirement has been in place and the City is on its way to meeting the new standard in future years. The City's Golf fund fell short of the reserve requirement by 41.3% due to the fiscal year 2015 restructuring of the golf course operating contract.

Long-Term Financial Planning

Long-term planning, responsiveness to changing economic conditions, and community needs are key factors in maintaining Rowlett's fiscal health. Through the development of a Five Year Financial Strategy Plan, a Five Year Capital Improvement Plan, and the new 2018 Strategic Plan, the City can maximize opportunities, establish priorities, and develop funding sources to ensure organizational sustainability while minimizing the effects of growth on the tax rate.

It has been 13 years since the City adopted an organizational strategic plan. In that 13 years, the face of Rowlett has changed dramatically. Population has increased, resulting in additional traffic and demand for services, the City survived a severe economic downturn referred to as the "Great Recession", one of the most severe droughts in history, and a devastating EF4 tornado. The City also added the 262 acre peninsula known as Bayside. All of this means that the vision Rowlett had in 2005 had to be reassessed and our strategic priorities aligned with a new vision. Therefore, in 2018, the City embarked upon a new journey to develop a strategic plan and to engage our community leaders, residents, and businesses to develop a community vision and focus our priorities on what matters most.

Although the new strategic plan was not adopted until September 2018, the FY2019 Adopted Budget takes into account available resources and allocates revenues to the highest strategic priorities identified in the plan and reflects the City's commitment to growth as appropriations increased $14.6 million, or 13%, compared to the FY2018 approved budget.

The primary factors of financial significance are outlined below:

- Personnel Cost will increase $2.7 million
    - 17.2 positions will be added in FY2019 to meet the needs of the City's extraordinary growth. Nine firefighters will be added to staff an additional ambulance unit at Fire Station #4; the City is pleased to announce that it received a grant through the Federal Emergency Management Administration (FEMA) that will cover 75% of the salary and benefits for the nine additional firefighters for the first two years and 35% of the cost for year three. The City is also adding two additional police officers for patrol, a purchasing assistant, a part time grant writer, a part time internal auditor, a parks maintenance crew supervisor, a water operations crew supervisor and two water operations maintenance specialists.
    - Merit increases for open range employees and step increases for police and fire, along with associated benefits and changes to overtime costs.
    - Health insurance premiums are expected to increase by 7.6% and will be shared by the City and employees.
- $536,000 has been allocated for the replacement of network servers and storage area network to reduce vulnerabilities and protect our ability to serve the public.
- $200,000 was allocated for renovations to 5702 Rowlett Road to consolidate all building-related permit and engineering activities and provide one-stop shopping for citizens, builders, and developers. The remaining $250,000 cost will be covered by the sale of other City-owned property.
- Water supply costs from North Texas Municipal Water District (NTMWD) will increase 5%. Overall, the budgeted water supply expense will increase $0.5 million.

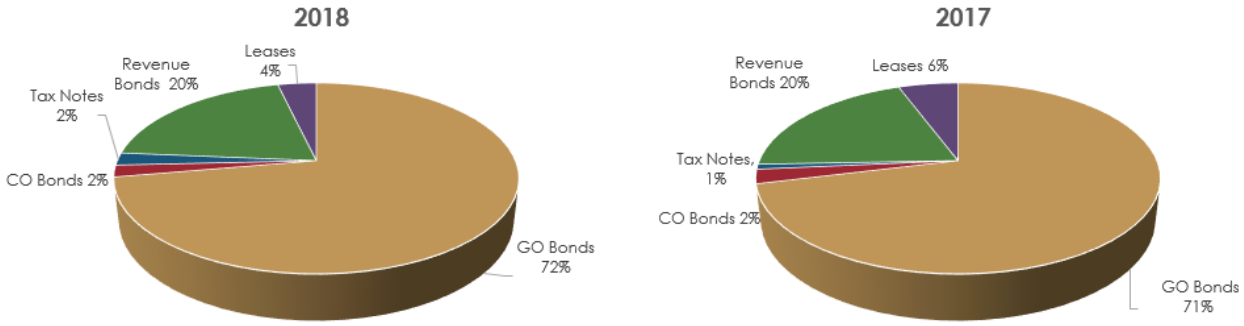
With the eruption of economic growth, Rowlett is embarking on an unprecedented level of development and service delivery. With growth comes the opportunity to address aging infrastructure, revitalization of neighborhoods, and enhancement of our community amenities and assets.

In 2017, the City completed a long term water/wastewater rate study that included the reserve and capital improvement needs in the foreseeable future. This study made rate suggestions that were adopted by the City Council and implemented in FY2018. The study will be revisited and updated on an annual basis during the annual budget process.

The Five Year Capital Improvement Plan (CIP) totals $136.6 million and consists of a comprehensive list of carefully selected and coordinated capital improvement projects in public works, public safety, parks and recreation, water and wastewater, and capital equipment. All investments are necessary to accomplish Rowlett's long-range goals and policies and are balanced against realistic revenue projections as well as staff capacity. The model also addresses the recommendations of the Community Investment Advisory Board (CIAB), implementing the projects approved in the FY2015 & FY2018 bond elections.

As a continuation of the three-year bonding strategy, the City plans to propose a 2021 General Obligation Bond Referendum to the citizens. As with the past two bond elections, the CIAB will gather information regarding community needs, citizen desires, and service expansion. The issuance of these bonds will provide a steady Debt Service tax rate. This is possible due to rapidly declining debt, increasing values, and new construction added to the tax rolls. At September 30, 2018, the City had various debt issues outstanding totaling $119.3 million exclusive of premiums, discounts, or deferred losses. Of this total, $83.9 million is supported by a combination of ad valorem taxes and governmental operations. Revenues from the enterprise funds support $35.4 million, including $9.6 million for the enterprise portions of general obligation refundings.

As of September 30, 2018, the breakdown of outstanding debt by type is as follows:



As of September 30, 2018, Rowlett's bond ratings are as follows:

	General Obligation & Certificates of Obligation	Revenue Bonds
Standard & Poor's	AA	A+
Moody's Investor Service	Aa2	Aa3

Major Initiatives

For the Year: In May 2018, Rowlett voters approved a $59.9 million general obligation bond program that includes funding for street and alley improvements, park improvements and public safety without increasing the tax rate. The election covered three propositions including $41.5 million for streets and drainage, $8.9 million for parks and trails improvements and $9.5 million for public safety and facility improvements. To keep pace with the construction efforts, the City issued $20 million of the $59.9 million approved in the FY2018 bond election and will issue the remainder over the next two years. The City also issued $5 million in Waterworks and Sewer System Revenue Bonds for water and sewer improvements and $1.8 million in Tax Notes for public safety, information technology, and facility initiatives.

During the four year period FY2012-FY2015, North Texas was in the grip of a significant drought, which wreaked havoc on the infrastructure and impaired the health of Rowlett's Utility Fund. While higher than normal precipitation in the spring of 2015 brought area lake levels above normal, the Utility Fund experienced losses in those years that eroded our cash reserves. As a result, the City took strong measures to rebuild cash reserves. This was primarily accomplished by reducing capital maintenance funding and eliminating or reducing transfers to the General Fund. As a result of those measures and the City's resolve, the Utility Fund hit 90-days of cash by the end of FY2018. This allows the City to protect its bond rating, provide some insulation from temporary weather-related revenue impacts, support an annual bond program of $5.0 million, and begin increasing contributions again for much needed capital maintenance.

The City also made substantial investments in major construction projects and acquisitions during FY2018, including $9.0 million in water improvements, $3.1 million in sewer improvements, $3.6 million in street improvements, $0.7 million in drainage improvements, $2.5 million for the public safety radio system, $1.1 million for relocation of the library, $0.4 million to close the fiber optic ring, $0.4 million for various public improvements at the Villages of Rowlett, $0.2 million for a live screening wall at Dalrock, and $0.6 million for public safety, public works and building inspection vehicles. These amounts include contributions from developers in the amount of $1.6 million.

For the Future: Due to current growth and development, the City received a 12.4% increase in assessed property values. With this increase, the City approved a two-cent property tax rate cut for FY2019, lowering the rate from $0.777173 to $0.757173 per $100 in taxable value.

On October 1, 2018, billing for water use was adjusted at various rates, ranging from a 1.8% decrease in the base charge to a 6% increase in the volume rate to help pay for the 5% increase in rate related fees passed down from the North Texas Municipal Water District (NTMWD), Rowlett's water supplier. The NTMWD has raised rates 99% since 2011. In a continuing effort to minimize the overall effect of the increase, the City hired a water and sewer rate consultant in order to plan both short-term and long-term water and sewer rates to ensure sustainability of the water and sewer utility fund. As a result of the study, City Council deemed it necessary to adjust water and sewer rates for both residential and non-residential customers for FY2019.

The Bayside development will put Rowlett on the map as a destination. With an expected build out to occur over eight to ten years, it is expected to add nearly one billion dollars in new taxable value, and nearly $150 million in revenue from property, sales and hotel occupancy taxes over the next twenty years. Bayside alone would be a fantastic story; however, Rowlett also has other major projects under construction in every quadrant of the City. Over the next five years, these projects will add an additional $800-$950 million in new investment, potentially adding $10-$15 million in property taxes alone. This level of growth also creates new challenges. Long-term planning will require the City to strategically balance demand on time and resources in conjunction with addressing capital infrastructure needs.

As referenced earlier, the City adopted a new strategic plan in September 2018 that will guide the City's initiatives, budget decisions, and staff assignments going forward. City staff will work to develop detailed operational plans to guide the organization in the execution of the plan. This effort will involve the preparation of specific objectives and initiatives necessary to accomplish the identified strategic goals consistent with the organization's mission and values and continue to make Rowlett the place to live, work, and play.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rowlett for its CAFR for the fiscal year ended 2017. This is the fourteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes its current CAFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria of a policy document, an operations guide, a financial plan, and a communication device.

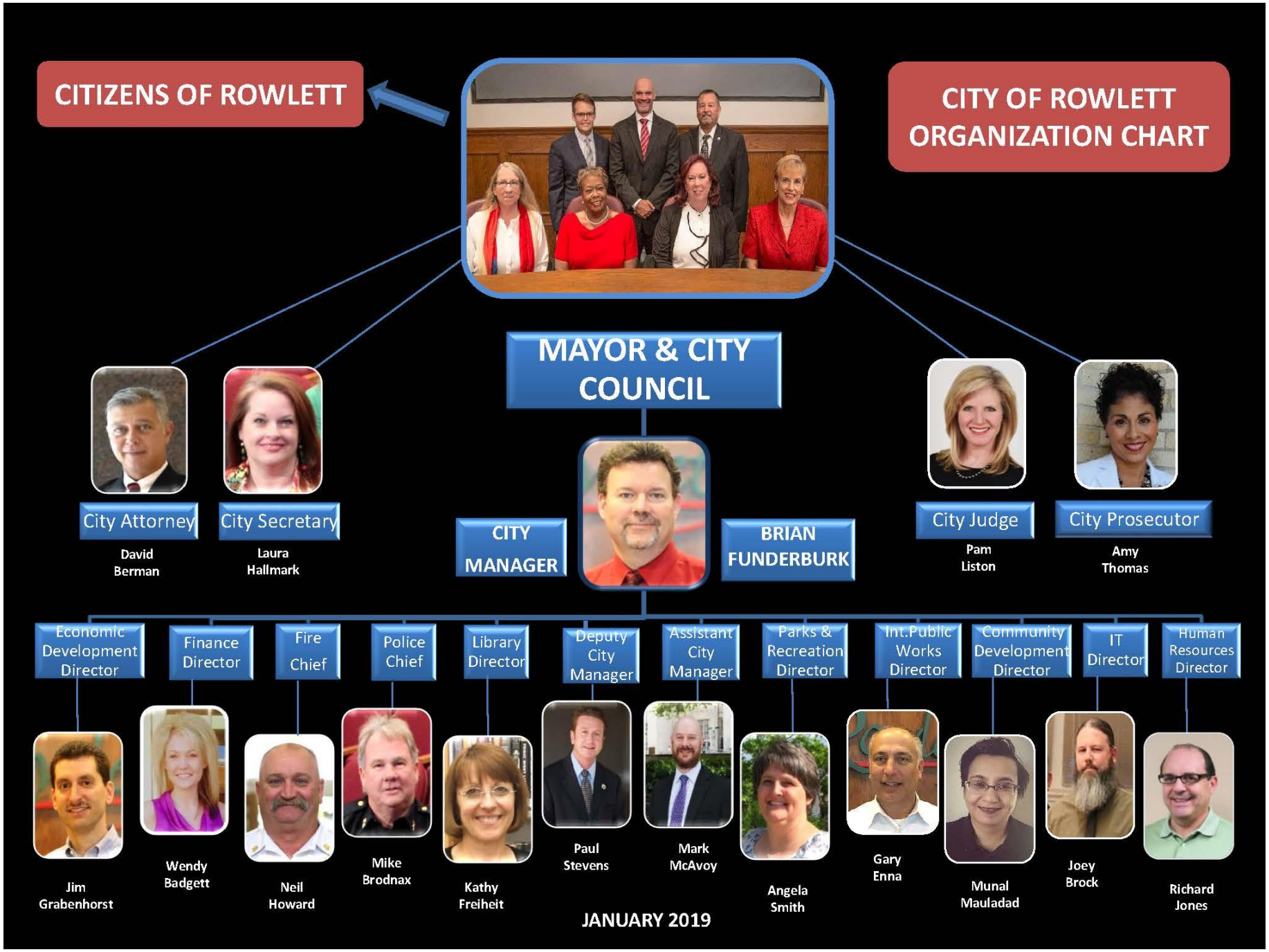
The preparation of this report would not have been possible without the dedicated service of the entire staff of the Financial Services Department. We wish to express our appreciation to all members of the department. We would also like to thank the Mayor and City Council members for their interest and trustworthy support, for maintaining the highest standards of professionalism in the management of the City of Rowlett and for conducting the financial operations in a responsible and progressive manner.

Respectively submitted,

Brian Funderburk
City Manager

Wendy Badgett
Director of Financial Services

ORGANIZATION CHART



City Of Rowlett

List of Principal Officials

City Council

Tammy Dana-Bashian ..... Mayor
Martha Brown ..... Mayor Pro-tem
Matt Grubisich ..... Deputy Mayor Pro-tem
Robert Blake Margolis ..... Councilmember
Brownie Sherrill ..... Councilmember
Debby Bobbitt ..... Councilmember
Pamela Bell ..... Councilmember

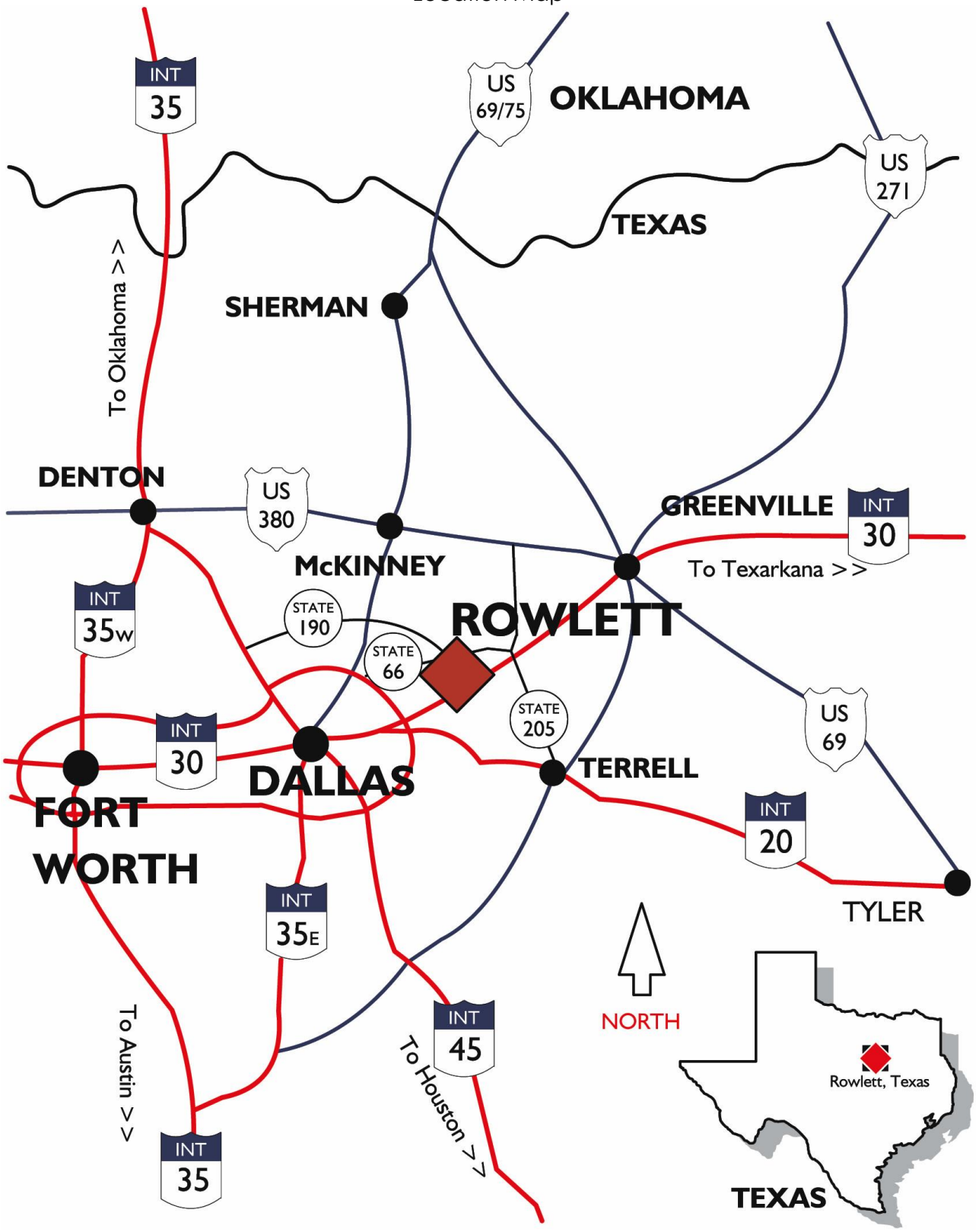
APPOINTED OFFICIALS

Brian Funderburk ..... City Manager
David Berman ..... City Attorney
Laura Hallmark ..... City Secretary
Pamela Liston ..... Municipal Judge
Amy Thomas ..... City Prosecutor

MANAGEMENT TEAM

Paul Stevens ..... Deputy City Manager
Mark McAvoy ..... Assistant City Manager
Jim Grabenhorst ..... Economic Development
Wendy Badgett ..... Financial Services
Neil Howard ..... Fire Rescue
Angie Smith ..... Parks and Recreation
Munal Mauladad ..... Development
William Brodnax ..... Police
Richard Jones ..... Human Resources
Gary Enna ..... Public Works
Kathy Freiheit ..... Library
Joey Brock ..... Information Technology

City Of Rowlett
Location Map



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rowlett

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

Rowlett
TEXAS

Financial Section

Rowlett
TEXAS

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rowlett, Texas (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 1(d) to the financial statements, in 2018, the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated to reflect the change in accounting principle for implementation of this Statement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 7, 2019

Rowlett
TEXAS

Management's Discussion and Analysis

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Management's Discussion and Analysis

Our discussion and analysis of the City of Rowlett's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the accompanying transmittal letter, and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2018 by $160 million (net position). Of this amount, $132 million (82%) is net investment in capital assets and $9 million (6%) is restricted for specific purposes. The remaining $19 million (12%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's net position of governmental activities increased by $3 million. Property tax revenues are higher over the prior year by $3 million as a result of higher assessed property values. Sales tax revenues also increased over the prior year by $0.5 million. Charges for service revenues exceeded the prior year by $1.5 million. Miscellaneous revenues increased $0.7 million mostly due to insurance payments received related to the December 2015 tornado. Expenses increased by $3 million primarily due to an increase in capital and maintenance projects.
- As of September 30, 2018, the City's governmental funds reported combined ending fund balances of $59 million, an increase of $18 million when compared to the prior year. With expenditures exceeding revenues by $5 million, this increase was primarily due to $22 million in net bond issuance activity sources and $0.7 million of net transfers in. Within total fund balance, $41 million (69%) is restricted by specific legal requirements, $7.5 million (13%) is assigned to specific types of expenditures, and $0.2 million (1%) is non-spendable as it relates to prepaids and inventories. The remainder of the fund balance, $10 million (17%), is unassigned in the general and special revenue funds. The $10 million unassigned fund balance in the general fund is approximately 26.7% of total general fund expenditures.
- The City's outstanding debt increased $15.4 million, consisting of the issuance of $20 million in general obligation debt, $1.8 million Tax Note Issue and $5 million in revenue bonds offset by existing debt retirements.
- GASB statement number 75 was implemented in fiscal year 2018, which records net OPEB assets and/or liabilities, deferred outflows and inflows of resources, as well as OPEB expenses and contributions. Implementation of this standard resulted in a restated prior year net position (current year beginning net position) $1.5 million less than originally reported. Governmental activities decreased $1.4 million while business type activities decreased $0.1 million.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City of Rowlett's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows, and liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rowlett is improving or deteriorating. The statement of net position combines and consolidates governmental and business type funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. While helpful, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but not used vacation leave).

In the statement of net position and the statement of activities, the City is divided into two types of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, libraries, community development, recreation operations, public works, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- Business-type activities – The City charges a fee to customers to fund all or most of the cost of certain services it provides. The City's water and sewer system, refuse system, and municipal drainage system are reported here.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements – A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rowlett maintains fifteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 26-29 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, refuse services and municipal drainage. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its self-insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Refuse, and Drainage funds, since they are all considered to be major funds of the City. The internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 30-34 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 37-75 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and health benefits to its employees and retirees.

The required supplementary information can be found on pages 77-83 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Other supplementary combining and individual fund statements and schedules can be found on pages 85-91 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. The City's combined net position was $160 million as of September 30, 2018.

CITY OF ROWLETT'S NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 64,081	$ 47,064	$ 29,775	$ 19,822	$ 93,856	$ 66,886
Capital assets	108,562	108,041	103,357	106,592	211,919	214,633
Total assets	172,643	155,105	133,132	126,414	305,775	281,519
Deferred outflows	4,610	8,682	1,672	2,201	6,282	10,883
Current liabilities	4,181	4,620	3,326	2,787	7,507	7,407
Noncurrent liabilities	103,388	93,918	38,201	38,277	141,589	132,195
Total liabilities	107,569	98,538	41,527	41,064	149,096	139,602
Deferred inflows	2,840	337	273	26	3,113	363
Net position:						
Net investment in capital assets	57,007	56,615	75,256	72,740	132,263	129,355
Restricted	5,327	3,372	3,800	3,734	9,127	7,106
Unrestricted	4,510	4,925	13,948	11,051	18,458	15,976
Total net position	$ 66,844	$ 64,912	$ 93,004	$ 87,525	$ 159,848	$ 152,437

By far, the largest portion of the City's net position (82%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens.

Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (12%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true in the prior fiscal year.

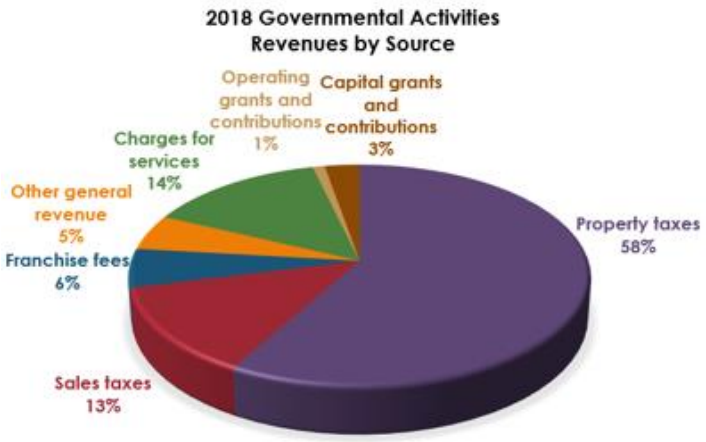
The City of Rowlett's overall net position increased by $9 million during the current fiscal year. Details are listed below and discussed on the following pages.

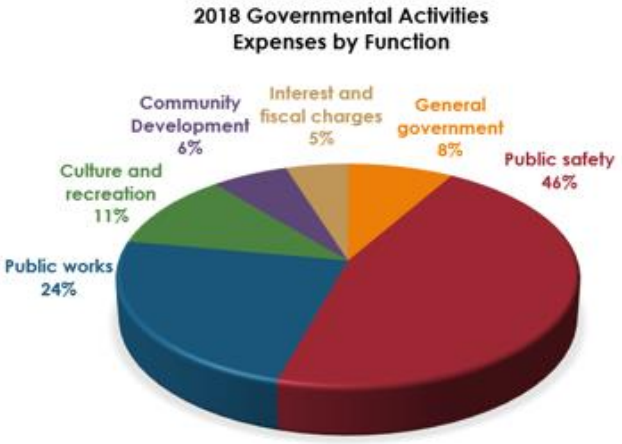
CITY OF ROWLETT'S CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	$ 8,045	$ 6,539	$ 38,683	$ 34,184	$ 46,728	$ 40,723
Operating grants and contributions	544	1,135	-	-	544	1,135
Capital grants and contributions	1,568	7,723	2,953	5,102	4,521	12,825
General revenues						
Property taxes	32,852	29,725	-	-	32,852	29,725
Sales taxes	7,319	6,869	-	-	7,319	6,869
Other taxes	182	186	-	-	182	186
Franchise fees	3,188	3,005	-	-	3,188	3,005
Investment income	584	236	169	58	753	294
Gain on sale of assets	-	-	14	64	14	64
Other	2,173	1,449	17	273	2,190	1,722
Total revenues	56,455	56,867	41,836	39,681	98,291	96,548
Expenses						
General government	4,488	4,010	-	-	4,488	4,010
Public safety	24,586	23,615	-	-	24,586	23,615
Public works	12,549	10,949	-	-	12,549	10,949
Culture and recreation	5,923	5,690	-	-	5,923	5,690
Community development	3,263	3,532	-	-	3,263	3,532
Interest on long-term debt	2,646	2,314	-	-	2,646	2,314
Water and sewer	-	-	28,468	24,873	28,468	24,873
Refuse	-	-	5,747	3,998	5,747	3,998
Drainage	-	-	1,675	1,857	1,675	1,857
Total expenses	53,455	50,110	35,890	30,728	89,345	80,838
Increase (decrease) in net assets before transfers	3,000	6,757	5,946	8,953	8,946	15,710
Transfers	362	2,481	(362)	(2,481)	-	-
Increase in net position	3,362	9,238	5,584	6,472	8,946	15,710
Net position, beginning	64,912	55,674	87,525	81,053	152,437	136,727
Cumulative effect of change in accounting principle	(1,430)	-	(104)	-	(1,534)	-
Net position, ending	$ 66,844	$ 64,912	$ 93,005	$ 87,525	$ 159,849	$ 152,437

Governmental Activities

Governmental activities increased the City's net position by $3.4 million. Governmental activities net investment in capital assets increased $0.4 million, and restricted net position increased $2.0 million. Unrestricted net position decreased by $0.4 million due to the reporting of the net OPEB liability as a result of the GASB 75 implementation of $1.4 million and an increase of $1.0 million in operations.





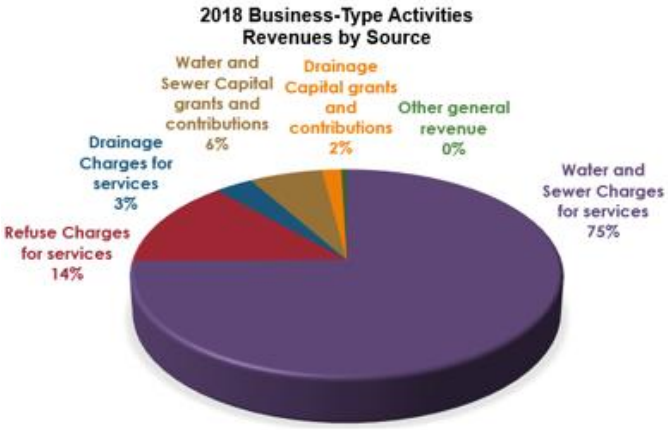
Total revenues for governmental activities, exclusive of transfers, were $56.5 million in fiscal year 2018, down $0.4 million from the previous year. The most significant revenue source is property tax revenue which represents $32.9 million or 58% of the total. The key elements of the decrease is as follows:

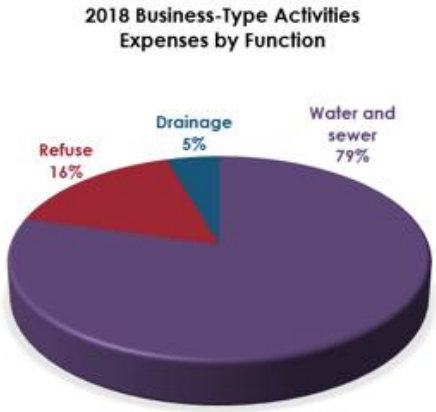
- In General Revenues, property taxes increased $3.1 million as a result of an 11% increase in certified taxable value over the prior year. Miscellaneous revenues increased $0.7 million due to payments from insurance in response to the December 26, 2015 tornado.
- In Program Revenues, charges for services increased $1.5 million primarily due to the implementation of a new pavement maintenance fee and an increase in impact fee collections.
- The increases were offset by a decrease in capital grants and contributions in the amount of $6.1 million primarily due to culture and recreation developer contributions for construction related to the Bayside development received in the prior year.

Overall, governmental activities expenses were $53.5 million in fiscal year 2018, up $3.3 million from the previous year primarily as a result of increased capital and maintenance project activity. The most significant governmental expense for the City is providing public safety for the community, which incurred expenses of $24.6 million, or 46% of total expenses. Public safety expenses are partially offset by revenues collected from a variety of sources, with the largest being from court fines totaling $0.9 million.

Business-type Activities

Business-type activities increased the City's net position by $5.6 million. Business type activities net investment in capital assets increased $2.5 million. Restricted net position increased $0.1 million and unrestricted net position increased $2.9 million.


2018 Business-Type Activities
Revenues by Source
Water and Sewer Capital grants and contributions 6%
Drainage Capital grants and contributions 2%
Other general revenue 0%
Drainage Charges for services 3%
Refuse Charges for services 14%
Water and Sewer Charges for services 75%



Revenues of the City's business-type activities were $41.8 million for the fiscal year ending September 30, 2018, up $2.2 million from the prior year. Total operating expenses for the City's business-type activities were $35.9 million, up $5.2 million when compared to the prior year. The breakdown of these fluctuations are as follows:

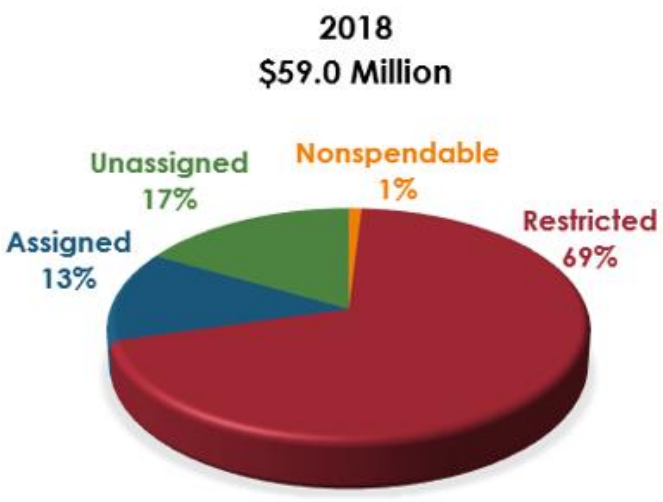
- The City's water and sewer system accounts for 76% of the business-type program revenues and 79% of the business-type expenses. The water and sewer activity operated with charges for services exceeding expenses by $3.1 million. Charges for services revenues increased over the prior year by $3.9 million as a result of a 5.0% increase in usage rates and the new rate structure that was implemented in FY2018 as a result of the water/wastewater rate study. At $13.3 million, or 47% of total expenses, water supply and wastewater treatment costs are the most significant expense of this fund. The fund also received $0.5 million in developer contributions and $2.2 million in impact fees.
- The City's refuse activity operated with expenses exceeding charges for services by $19 thousand due to a new sanitation contract and increased pricing.
- The City's drainage activity operated with expenses exceeding charges for services by $0.3 million, consistent with the prior year. At 68% of total expenses, the largest cost to the drainage activity is depreciation, at $1.1 million for the current year.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $59 million. Within this total, $0.2 million is non-spendable for prepaid and inventories, $41.3 million is restricted by specific legal requirements, such as by debt covenants, capital projects and specific purposes, and $7.5 million has been assigned to specific types of expenditures. The remainder of the fund balance, $10 million or 17%, constitutes unassigned fund balance of $10 million in the general fund that can be used for any lawful purpose, and a deficit fund balance of $0.1 million in the grant fund. The fund balance for all governmental funds increased $17.8 million primarily due to the issuance of capital project bonds during the year.



The general fund is the chief operating fund of the City. The net change in fund balance for the general fund was an increase of $2.4 million for the current year. Key factors in this increase are as follows:

- Expenditures increased by $1.5 million. Current operating expenses increased $1.7 million, primarily due to the implementation of the 2017 Compensation Study and continuation of the step-pay plan increase for public safety personnel. This increase was offset slightly by a $0.3 million decrease in capital lease principal and interest expenditures in the current year.
- Revenues increased $2.7 million primarily due to increased property taxes based on higher certified taxable values. Sales tax collections increased as well.
- Other financing sources increased $0.4 million mainly attributable to an increase in the PILOF transfer in from the water and sewer fund due to increased water and sewer revenue in FY2018.

The debt service fund has a total fund balance of $0.7 million, all of which is legally restricted for the payment of debt service. The fund balance increased over prior year by $0.1 million due to an increase in property tax values which was partially offset by a $0.010021 decrease in the allocation to the debt rate.

The capital projects fund has a total fund balance of $41.7 million, of which $35.1 million is restricted and $6.5 million is assigned for the acquisition or construction of capital facilities and assets. The non-spendable amount of $50 thousand represents inventories. Fund balance increased $13.5 million over the prior year primarily due to a successful May 2018 bond election that yielded $20.3 million in bond proceeds. The capital projects fund expended $12.2 million in fiscal year 2018, an increase of $5.3 million from 2017 expenditures, as the City added additional focus on street projects that included Highland Meadows, Dalrock Estates, and the Advanced Traffic Management System.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Net position of the City's Water and Sewer fund is $70.3 million, of which $54.9 million is net investment in capital assets, $3.8 million is restricted for debt service, and $11.6 million is unrestricted. The fund's net position increased $5.3 million in the current year. As noted earlier in the discussion of business-type activities, charges for services increased over the prior year by $3.9 million as a result of a 5% increase in usage rates and the new rate structure that was implemented in FY2018 as a result of the water/wastewater rate study. Additionally, capital contributions related to the Vineyards development totaling $0.5 million were recorded and $2.2 million in impact fees, mainly attributable to the Vineyards and Bayside developments were recorded as well. The water and sewer system expenses increased $3.2 million primarily due to $1.3 million in increased water and sewer supply costs, $1 million in higher maintenance, repairs, and supply costs that included meter replacement, tower and tank maintenance and sewer line repairs, $0.6 million in increased intragovernmental charges due the implementation of a new cost allocation plan, and $0.2 million in increased depreciation expense.
- Net position of the City's Refuse fund is $0.6 million, of which $18 thousand is net investment in capital assets and the remaining $0.6 million is unrestricted. Change in net position for the Refuse fund was a decrease of $13 thousand.
- Net position of the City's Drainage fund is $22.0 million, of which $20.3 million is net investment in capital assets and $1.7 million is unrestricted. Net position for the Drainage fund increased $0.3 million as a result of increased capital contributions related to the Vineyards development.

General Fund Budgetary Highlights

Original budget compared to final budget: The adopted general fund budget was amended by Council to reflect increased revenues resulting from property tax and franchise fee revenues received that were $0.2 million higher than the original adopted budget. The expenditure budget was also amended by $0.2 million for capital expenditures and development incentives. The overall impact of the amendment resulted in a $37 thousand increase in fund balance. Additionally, the City had some insignificant adjustments, including reallocating appropriations among departments.

Final budget compared to actual results: For fiscal year 2018, actual revenues were $40.7 million compared to the final budget of $39.6 million. Property tax collections, sales tax and license and permits revenues came in higher than expected. Actual expenditures were $37.6 million compared to the final budget amount of $38.8 million primarily as a result of salary savings, the timing of the purchase of replacement vehicles, and savings in maintenance, repairs and purchased services that included electricity and mowing costs. Fund balance at year end was $11.2 million, $2.3 million more than budgeted as a result of the aforementioned variances.

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to $212 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park facilities, machinery, equipment, vehicles, roads, bridges, water and sewer lines, and construction in progress. This amount represents a decrease in capital assets, net of accumulated depreciation, for the current fiscal year of $2.7 million or 1.3%.

Capital Assets at Year-End
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Land	$ 29,650	$ 29,488	$ 1,010	$ 1,010	$ 30,660	$ 30,498
Buildings and improvements	21,085	17,548	552	584	21,637	18,132
Machinery and equipment	4,948	6,552	2,557	3,565	7,505	10,117
Infrastructure	38,090	39,738	90,953	83,860	129,043	123,598
Construction in progress	14,789	14,715	8,285	17,573	23,074	32,288
Total	$ 108,562	$ 108,041	$ 103,357	$ 106,592	$ 211,919	$ 214,633

This year's major construction projects completed and capital acquisitions included:

Rowlett Rd Pump Station/ Upper Pressure Plane	$ 5,280,643
Public Safety Radio System	2,455,731
Water Reading System Upgrade - MXU	2,386,968
Primrose Lane Street Reconstruction	1,506,880
Library Improvements	1,075,158
15" Water Line West PGBT Service Rd	782,223
The Vineyards Phase II - Street Improvements	761,747
SCADA	750,173
Toler Bay II Lift Station	682,826
Motor Vehicles	570,445
Highland Meadows Sanitary Sewer Improvements	538,868
Big A Road Shoulder Stabilization	535,769
Villages of Rowlett - Street Improvements	526,852
	$ 17,854,283

For more information related to capital assets, see Note 6 to the basic financial statements.

Long-Term Debt: At year-end, the City had $114.9 million in general obligation bonds, certificates of obligation, tax notes and revenue bonds outstanding as compared to $99.5 million at the end of the prior fiscal year, an increase of $15.4 million.

Outstanding Debt at Year End
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
General obligation bonds (backed by the City)	$ 76,536	$ 63,894	$ 9,629	$ 11,191	$ 86,165	$ 75,085
Certificates of obligation and tax notes (backed by the City)	4,905	3,440	-	-	4,905	3,440
Revenue bonds (backed by fee revenues)	-	-	23,830	21,030	23,830	21,030
Total	$ 81,441	$ 67,334	$ 33,459	$ 32,221	$ 114,900	$ 99,555

During the current fiscal year, the City issued $19.3 million in new general obligation bonds and $1.8 tax notes. The City also issued $4.8 million in waterworks and sewer system revenue bonds.

The City's general obligation bonds, certificates of obligation and tax notes carry Aa2 and AA ratings by Moody's Investor Service and Standard and Poor's, respectively. The City's water and sewer revenue bonds carry Aa3 and A+ by Moody's Investor Service and Standard and Poor's, respectively. As a result of water losses from the previous year's drought, and resulting decline in reserves, the City's bond rating was reduced to A+ from AA- from Standards and Poor's in FY2015. The City has rebuilt its water and sewer reserves over fiscal years 2016 through 2018, and met and exceeded its operating reserve requirement of at least 90 days of net operating expenses in FY2018.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. In May 2003, the citizens of Rowlett amended the Charter to limit the amount of taxes that may be levied to $1.25 per $100 of assessed valuation.

More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget. The most notable were the priorities identified in the 2018 Strategic Plan. Though the plan was not adopted until September 2018, it served as a guide for the way the City prioritized how its resources are allocated, and to what purpose, to achieve its outcomes. With the combination of improved tax values, new growth, and additional tax dollars, the fiscal year 2019 adopted budget includes funding priorities for economic development, aging infrastructure, revitalizing neighborhoods, and enhancing community services, amenities and assets to address the explosive growth that is to come.

Revenue Projection Highlights:

The total FY2019 combined budget current revenue projections total $141 million.

- Property tax revenue is projected to reach $35.3 million, compared to FY2018's actual amount of $32.8 million. The adopted property tax rate was reduced by two cents for FY2019, set at $0.757173 per one hundred dollars of taxable valuation, with $0.531131 allocated to operations and maintenance and $0.226042 allocated to debt service. Certified property valuations increased by $543.7 million or 12.4% for FY2019. This increase is a result of improvements in appraised values, as well as new construction, investment and development that was added to the tax rolls through January 1, 2018.
- Sales tax revenue is projected to reach $7.4 million, compared to FY2018's actual amount of $7.3 million. Growth in new businesses and a general increase in existing retail sales are expected to continue through FY2019.
- General fund licenses and permits are projected to remain relatively stable at $1.2 million.
- Enterprise fund charges for services are projected at $38.6 million, compared to FY2018's actual amount of $38.7 million. This represents a $0.2 million decrease in water and sewer and a $0.1 million increase in refuse revenues, as FY2018 experienced higher than anticipated summer water usage. The FY2019 projected revenues reflect the results of the City's recent water and sewer rate study, which includes adjustments to the base rate and volume rate, as detailed below:

Residential Water & Sewer Customers Only	Adopted FY2018	Adopted FY2019
Beginning Base Rate	$49.09	$47.79
New Base Rate	$47.79	$49.86
Volume Rate - 0-3,000 gallons	$9.22	$10.12
Volume Rate - 3,000-15,000 gallons	$10.31	$11.27
Total Monthly Fee @ 6,000 gallons per month	$106.38	$114.03
Dollar change	n/a	$7.65
Percent change	n/a	7.2%

Appropriation Budget Highlights:

The total FY2019 combined budget appropriations total $139.4 million.

- Expenses in the general fund are projected to be $45.7 million in FY2019. This is a projected increase of $2.5 million or 5.7% when compared to the FY2018 budget of $43.3 million. The majority of the increase is driven by personnel costs, as a result of merit increases for open range employees and the continuation of step-pay plan increases for Fire and Police personnel. It also includes the addition of 7.45 new positions for FY2019.

Overall changes are summarized below.

General Fund Expenses	Adopted FY2018	Adopted FY2019	$ Change	% Change
Personnel Services	$29,497,273	$31,603,305	$2,106,032	7.1%
Supplies	1,860,834	2,012,789	151,955	8.2%
Purchased Services	8,643,356	8,582,962	(60,394)	-0.7%
Capital Equipment	171,500	180,481	8,981	5.2%
Transfers to Other Funds	3,090,945	3,354,946	264,001	8.5%
Total Expenses	**$43,263,908**	**$45,734,483**	**$2,470,575**	**5.7%**

- The FY2019 water and sewer fund budget totals $31.6 million, representing an increase of $1.8 million or 6.2% from the FY2018 budget of $29.8 million. This increase is the result of a $0.4 million increase in personnel expense due to a merit increase for open range employees, the addition of 3 new employees, a $0.6 million rise in the cost for water delivery and wastewater treatment, as well as a $0.9 million increase in the transfer to the Water & Sewer Capital Fund for investment in the collection and delivery systems. These increases will address the growing needs of an expanding community.

  Overall changes are summarized below:

Utility Fund Expenses	Adopted FY2018	Adopted FY2019	$ Change	% Change
Personnel Services	$2,615,177	$3,028,372	$413,195	15.8%
Water/Sewer Contract Services	13,644,364	14,261,401	617,037	4.5%
Other Purchased Services and Supplies	2,518,973	2,405,165	(113,808)	-4.5%
Debt Service	4,500,000	4,529,049	29,049	0.6%
Capital Outlay	45,000	97,000	52,000	115.6%
Transfers to Other Funds	6,473,593	7,327,109	853,516	13.2%
Total Expenses	**$29,797,107**	**$31,648,096**	**$1,850,989**	**6.2%**

- In the Self Insurance Fund, FY2019 expenses are budgeted to increase 12% to $6.2 million to cover the rise in individual stop loss premiums caused by large claims over the last three years, as well as an anticipated increase in benefit payments. Accordingly, the revenue budget was increased almost 8.4%, to $6.3 million. Currently, the City contributes approximately 82.2% to the revenues of this fund, and employees/retirees contribute approximately 17.8%.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Financial Services, at City of Rowlett, 4004 Main Street, Rowlett, TX 75088 or check our website at www.Rowlett.com.

Rowlett
TEXAS

Basic Financial Statements

Rowlett
TEXAS

City of Rowlett, Texas
Statement of Net Position
September 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments	$ 59,497,533	$ 23,001,284	$ 82,498,817
Receivables (net of allowance for doubtful accounts)	3,714,731	6,003,911	9,718,642
Due from other governments	497,884	-	497,884
Notes receivable	-	27,203	27,203
Inventories	101,790	717,698	819,488
Prepaid and other items	268,823	25,372	294,195
Capital assets:			
Nondepreciable	44,439,296	9,295,048	53,734,344
Depreciable (net)	64,122,512	94,062,193	158,184,705
Total assets	172,642,569	133,132,709	305,775,278
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	1,511,497	1,467,904	2,979,401
Deferred outflow of resources - TMRS	3,031,617	197,922	3,229,539
Deferred outflow of resources - OPEB	66,665	6,353	73,018
Total deferred outflows of resources	4,609,779	1,672,179	6,281,958
LIABILITIES			
Accounts payable and accrued liabilities	3,249,785	2,254,041	5,503,826
Accrued interest payable	461,425	138,615	600,040
Retainage payable	436,108	175,266	611,374
Customer deposits	-	758,360	758,360
Unearned revenues	33,213	-	33,213
Noncurrent liabilities:			
Due within one year	8,476,804	4,520,103	12,996,907
Due in more than one year:	94,910,696	33,681,295	128,591,991
Total liabilities	107,568,031	41,527,680	149,095,711
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources - TMRS	2,825,298	271,787	3,097,085
Deferred inflow of resources - OPEB	15,086	1,438	16,524
Total deferred inflows of resources	2,840,384	273,225	3,113,609
NET POSITION			
Net investment in capital assets	57,007,151	75,255,958	132,263,109
Restricted for:			
Debt service	350,876	3,799,689	4,150,565
Capital projects	3,951,976	-	3,951,976
Public safety	462,564	-	462,564
Economic development	42,296	-	42,296
Public broadcasting	519,351	-	519,351
Unrestricted	4,509,719	13,948,336	18,458,055
Total net position	$ 66,843,933	$ 93,003,983	$ 159,847,916

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement Of Activities
For the Fiscal Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 4,488,176	$ 65,207	$ -	$ -
Public safety	24,585,595	2,494,684	543,883	-
Public works	12,549,250	2,565,725	-	1,567,932
Culture and recreation	5,923,484	921,069	-	-
Community Development	3,263,380	1,998,492	-	-
Interest and fiscal charges	2,646,178	-	-	-
Total governmental activities	53,456,063	8,045,177	543,883	1,567,932
Business-type activities:				
Water and sewer	28,467,611	31,574,148	-	2,262,166
Refuse	5,747,436	5,728,612	-	-
Drainage	1,674,868	1,380,266	-	690,713
Total business-type activities	35,889,915	38,683,026	-	2,952,879
Total primary government	$ 89,345,978	$ 46,728,203	$ 543,883	$ 4,520,811
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other				
Franchise fees				
Investment earnings				
Gain on sale of assets				
Miscellaneous				
Transfers (net)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Cumulative effect of change in accounting principle				
Net position, ending				

The Notes to the Financial Statements are an integral part of this statement.

Net Revenues (Expenses) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (4,422,969)	$ -	$ (4,422,969)
(21,547,028)	-	(21,547,028)
(8,415,593)	-	(8,415,593)
(5,002,415)	-	(5,002,415)
(1,264,888)	-	(1,264,888)
(2,646,178)	-	(2,646,178)
(43,299,071)	-	(43,299,071)
-	5,368,703	5,368,703
-	(18,824)	(18,824)
-	396,111	396,111
-	5,745,990	5,745,990
$ (43,299,071)	$ 5,745,990	$ (37,553,081)
32,851,565	-	32,851,565
7,319,051	-	7,319,051
182,111	-	182,111
3,188,420	-	3,188,420
583,909	169,469	753,378
-	14,245	14,245
2,173,698	16,535	2,190,233
362,160	(362,160)	-
46,660,914	(161,911)	46,499,003
3,361,843	5,584,079	8,945,922
64,912,575	87,524,310	152,436,885
(1,430,485)	(104,406)	(1,534,891)
$ 66,843,933	$ 93,003,983	$ 159,847,916

City of Rowlett, Texas
Balance Sheet
Governmental Funds
September 30, 2018

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	$ 10,620,410	$ 670,212	$ 42,349,308	$ 5,542,298	$ 59,182,228
Receivables (net of allowance for uncollectibles):					
Taxes	1,705,475	141,540	-	13,431	1,860,446
Accounts	435,820	-	114,759	-	550,579
Accrued interest	8,420	549	32,219	4,126	45,314
Other	1,111,571	-	-	38,167	1,149,738
Due from other governments	-	-	250,000	247,884	497,884
Due from other funds	183,593	-	-	26,468	210,061
Inventories	51,338	-	50,452	-	101,790
Prepaid and other items	98,171	1,700	-	9,092	108,963
Total assets	$ 14,214,798	$ 814,001	$ 42,796,738	$ 5,881,466	$ 63,707,003
LIABILITIES					
Accounts payable	$ 1,087,360	$ -	$ 696,504	$ 39,893	$ 1,823,757
Retainage payable	-	-	393,162	42,946	436,108
Accrued liabilities	948,845	-	3,273	30,400	982,518
Unearned revenue	1,211	-	-	32,002	33,213
Due to other funds	-	-	26,468	183,593	210,061
Total liabilities	2,037,416	-	1,119,407	328,834	3,485,657
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	325,147	141,539	-	-	466,686
Unavailable revenue - ambulance fees	192,407	-	-	-	192,407
Unavailable revenue - mowing liens	243,413	-	-	-	243,413
Unavailable revenue - franchise fees	179,369	-	-	-	179,369
Unavailable revenue - grants	-	-	-	132,222	132,222
Unavailable revenue - other	12,909	-	-	673	13,582
Total deferred inflows of resources	953,245	141,539	-	132,895	1,227,679
FUND BALANCES					
Fund balances:					
Nonspendable:					
Inventories	51,338	-	50,452	-	101,790
Prepaid items	98,171	1,700	-	-	99,871
Restricted for:					
Debt service	-	670,762	-	-	670,762
Capital projects	-	-	35,111,113	4,674,403	39,785,516
Public safety	-	-	-	329,669	329,669
Community development	-	-	-	42,296	42,296
Public broadcasting	-	-	-	519,351	519,351
Assigned for:					
Economic development	993,769	-	-	-	993,769
Capital acquisition	2,010	-	6,515,766	-	6,517,776
Unassigned	10,078,849		-	(145,982)	9,932,867
Total fund balances	11,224,137	672,462	41,677,331	5,419,737	58,993,667
Total liabilities and fund balances	$ 14,214,798	$ 814,001	$ 42,796,738	$ 5,881,466	$ 63,707,003

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Reconciliation of the Balance Sheet
Of Governmental Funds to the Statement of Net Position
September 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per balance sheet - governmental funds		$ 58,993,667
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		108,561,808
Certain revenues are not available soon enough to pay for the current period's expenditures and are, therefore, reported as deferred inflows of resources.		1,227,679
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	(76,535,928)	
Certificates of obligation payable	(2,385,000)	
Limited tax notes	(2,520,000)	
Bond premiums	(4,991,594)	
Deferred charges on refunding	1,511,497	
Accrued interest	(461,425)	
Capital leases payable	(2,467,172)	
Net pension liability	(8,074,373)	
Net OPEB liability	(3,001,231)	
Compensated absences	(3,412,202)	
		(102,337,428)
Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are not reported in the fund financial statements.		257,898
The internal service fund is used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		140,309
Net position of governmental activities		$ 66,843,933

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Statement of Revenues, Expenditures
And Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended September 30, 2018

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 23,248,920	$ 9,530,994	$ -	$ 57,483	$ 32,837,397
Sales taxes	7,319,051	-	-	-	7,319,051
Other	97,394	-	-	84,717	182,111
Franchise fees	3,024,858	-	-	156,150	3,181,008
License and permits	1,262,370	-	-	1,750,103	3,012,473
Charge for services	3,217,544	-	815,622	-	4,033,166
Fines and forfeitures	851,979	-	-	229,928	1,081,907
Intergovernmental	230,644	-	591,319	867,192	1,689,155
Interest	174,645	20,730	328,460	60,074	583,909
Miscellaneous	1,223,379	-	3,600	946,719	2,173,698
Total revenues	40,650,784	9,551,724	1,739,001	4,152,366	56,093,875
EXPENDITURES					
Current operating:					
General government	3,607,345	74,384	-	171,765	3,853,494
Public safety	21,754,221	-	-	791,184	22,545,405
Public works	2,523,226	-	3,964,510	216,923	6,704,659
Culture and recreation	5,052,172	-	-	55,980	5,108,152
Community development	3,185,585	-	-	-	3,185,585
Debt service:					
Principal retirement	766,168	6,948,065	-	-	7,714,233
Interest and fiscal charges	70,920	2,657,241	-	-	2,728,161
Bond issuance costs	-	-	345,280	-	345,280
Capital outlay	664,005	-	7,912,640	397,340	8,973,985
Total expenditures	37,623,642	9,679,690	12,222,430	1,633,192	61,158,954
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,027,142	(127,966)	(10,483,429)	2,519,174	(5,065,079)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	21,055,000	-	21,055,000
Premiums on issuance of debt	-	-	1,014,698	-	1,014,698
Transfers in	1,579,420	243,990	2,040,000	126,928	3,990,338
Transfers out	(2,201,494)	-	(109,428)	(946,718)	(3,257,640)
Proceeds from sale of assets	32,827	-	-	-	32,827
Total other financing sources (uses)	(589,247)	243,990	24,000,270	(819,790)	22,835,223
NET CHANGE IN FUND BALANCES	2,437,895	116,024	13,516,841	1,699,384	17,770,144
FUND BALANCES, BEGINNING	8,786,242	556,438	28,160,490	3,720,353	41,223,523
FUND BALANCES, ENDING	$ 11,224,137	$ 672,462	$ 41,677,331	$ 5,419,737	$ 58,993,667

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended September 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 17,770,144
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($9,735,732) exceeded depreciation ($8,844,866) in the current period.		890,866
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the governmental financial statements, these revenues are referred to as deferred inflows of resources.		(399,876)
Capital lease and bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayments of principal	7,714,233	
Issuance of bonds	(21,055,000)	
Premium on issuance	(1,014,698)	
		(14,355,465)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in the amount of compensated absences	(211,858)	
Increase in accrued interest payable	(54,525)	
Amortizabtion of bond discounts/premiums and deferred losses	481,788	
		215,405
To record net change in pension activity		(306,685)
To record net change in OPEB activity		(222,317)
Capital assets that were transferred from Governmental Activities to Business-Type Activities are shown as a transfer out.		(370,538)
The internal service fund is used by management to charge the costs for self-insurance to the various funds. The change in net position of the internal service fund is reported within the governmental activities.		140,309
Change in net position of governmental activities		$ 3,361,843

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
ASSETS					
Current assets:					
Cash, cash equivalents and investments	$ 9,830,914	$ 251,726	$ 1,590,319	$ 11,672,959	$ 315,305
Restricted cash, cash equivalents and investments:					
Revenue bond covenant accounts	3,799,689	-	-	3,799,689	-
Receivables (net of allowance for uncollectibles):					
Accounts	4,638,317	840,319	199,371	5,678,007	-
Accrued interest	13,741	220	1,242	15,203	99
Other	309,110	1,591	-	310,701	108,555
Inventories	717,698	-	-	717,698	-
Prepaid and other items	25,372	-	-	25,372	159,860
Total current assets	19,334,841	1,093,856	1,790,932	22,219,629	583,819
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Revenue bond construction funds	4,187,771	-	-	4,187,771	-
Impact fee funds	3,340,865			3,340,865	-
Receivables (net of allowance for uncollectibles):					
Notes receivable	27,203	-	-	27,203	-
Capital assets:					
Land	960,155	-	49,925	1,010,080	-
Buildings	1,041,641	-	59,178	1,100,819	-
Systems	144,844,838	194,768	40,143,870	185,183,476	-
Machinery and equipment	9,767,349	57,417	511,173	10,335,939	-
Construction in progress	7,393,682	-	891,286	8,284,968	-
Less accumulated depreciation	(83,606,424)	(234,653)	(18,716,964)	(102,558,041)	-
Total capital assets	80,401,241	17,532	22,938,468	103,357,241	-
Total noncurrent assets	87,957,080	17,532	22,938,468	110,913,080	-
Total assets	107,291,921	1,111,388	24,729,400	133,132,709	583,819
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	1,328,907	-	138,997	1,467,904	-
Deferred outflows of resources - TMRS	189,042	-	8,880	197,922	-
Deferred outflows of resources - OPEB	6,134	-	219	6,353	-
Total deferred outflows of resources	1,524,083	-	148,096	1,672,179	-
LIABILITIES					
Current liabilities:					
Accounts payable	1,624,293	461,443	16,883	2,102,619	440,997
Accrued liabilities	78,465	1,500	3,192	83,157	2,513
Due to other funds	-	-	-	-	-
Accrued interest payable	11,270	-	15,562	26,832	-
Retainage payable	89,984	-	17,011	106,995	-
Customer deposits	758,360	-	-	758,360	-
Compensated absences	14,848	-	443	15,291	-
Capital lease payable	834,905	-	49,422	884,327	-
Bonds payable	3,365,485	-	255,000	3,620,485	-
Total current liabilities	6,777,610	462,943	357,513	7,598,066	443,510
Current liabilities payable from restricted assets:					
Accounts payable	68,265	-	-	68,265	-
Accrued interest payable	111,783	-	-	111,783	-
Retainage payable	66,271	-	2,000	68,271	-
Total current liabilities payable from restricted assets	246,319	-	2,000	248,319	-
Total current liabilities	7,023,929	462,943	359,513	7,846,385	443,510

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
LIABILITIES (Continued)					
Noncurrent liabilities:					
Compensated absences	$ 141,559	$ -	$ 4,222	$ 145,781	$ -
Net pension liability	633,630	-	22,885	656,515	-
Net OPEB liability	276,126	-	9,862	285,988	-
Capital lease payable	874,613	-	154,064	1,028,677	-
Bonds payable	29,274,930	-	2,289,404	31,564,334	-
Total noncurrent liabilities	31,200,858	-	2,480,437	33,681,295	-
Total liabilities	38,224,787	462,943	2,839,950	41,527,680	443,510
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - TMRS	254,804	-	16,983	271,787	-
Deferred inflows of resources - OPEB	1,388	-	50	1,438	-
Total deferred inflows of resources	256,192	-	17,033	273,225	-
NET POSITION					
Net investment in capital assets	54,908,851	17,532	20,329,575	75,255,958	-
Restricted for:					
Debt service	3,799,689	-	-	3,799,689	-
Unrestricted	11,626,485	630,913	1,690,938	13,948,336	140,309
Total net position	$ 70,335,025	$ 648,445	$ 22,020,513	$ 93,003,983	$ 140,309

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Statement of Revenues, Expenses And Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended September 30, 2018

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
OPERATING REVENUES					
Charges for sales and services:					
Charges for services	$ 31,574,148	$ 5,728,612	$ 1,380,266	$ 38,683,026	$ 5,384,218
Miscellaneous	14,254	2,281	-	16,535	506,688
Total operating revenues	31,588,402	5,730,893	1,380,266	38,699,561	5,890,906
OPERATING EXPENSES					
Personnel services	2,995,404	37,753	122,078	3,155,235	89,047
Water supply	8,732,293	-	-	8,732,293	-
Wastewater treatment	4,589,137	-	-	4,589,137	-
Contractual services	481,362	-	14,680	496,042	5,397,470
Maintenance, repairs and supplies	1,904,035	-	237,030	2,141,065	-
Utilities	363,575	-	-	363,575	-
Legal and professional	11,658	-	113	11,771	-
Refuse collection	-	5,177,504	-	5,177,504	-
Depreciation	5,767,626	6,713	1,134,172	6,908,511	-
Intragovernmental charges	2,515,774	525,466	78,650	3,119,890	165,996
Miscellaneous	12,921	-	-	12,921	98,109
Total operating expenses	27,373,785	5,747,436	1,586,723	34,707,944	5,750,622
OPERATING INCOME (LOSS)	4,214,617	(16,543)	(206,457)	3,991,617	140,284
NONOPERATING REVENUES (EXPENSES)					
Investment income	149,457	3,769	16,243	169,469	25
Gain on disposition of assets	14,245	-	-	14,245	-
Interest and fiscal charges	(1,093,826)	-	(88,145)	(1,181,971)	-
Total nonoperating revenues (expenses)	(930,124)	3,769	(71,902)	(998,257)	25
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,284,493	(12,774)	(278,359)	2,993,360	140,309
Capital contributions	2,632,704	-	690,713	3,323,417	-
Transfers in	946,718	-	-	946,718	-
Transfers out	(1,579,420)	-	(99,996)	(1,679,416)	-
CHANGE IN NET POSITION	5,284,495	(12,774)	312,358	5,584,079	140,309
TOTAL NET POSITION, BEGINNING	65,154,362	661,219	21,708,729	87,524,310	-
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(103,832)	-	(574)	(104,406)	-
TOTAL NET POSITION, ENDING	$ 70,335,025	$ 648,445	$ 22,020,513	$ 93,003,983	$ 140,309

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2018

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	$31,009,394	$5,640,298	$ 1,370,605	$ 38,020,297	$ 5,293,938
Cash received from miscellaneous	14,254	2,281	-	16,535	506,688
Cash paid to employees for services	(2,946,236)	(37,753)	(115,674)	(3,099,663)	(89,047)
Cash paid for goods and services	(18,271,201)	(5,592,425)	(340,778)	(24,204,404)	(5,674,883)
Net cash provided by operating activities	9,806,211	12,401	914,153	10,732,765	36,696
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	946,718	-	-	946,718	-
Transfers to other funds	(1,579,420)	-	(99,996)	(1,679,416)	-
Net cash used in noncapital financing activities	(632,702)	-	(99,996)	(732,698)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital debt	(4,104,066)	-	(293,490)	(4,397,556)	-
Interest and fiscal charges paid on capital debt	(896,276)	-	(126,214)	(1,022,490)	-
Proceeds from capital debt	4,775,000	-	-	4,775,000	-
Capital contributions	2,632,704	-	690,713	3,323,417	-
Acquisition and construction of capital assets	(2,879,209)	-	(679,641)	(3,558,850)	-
Net cash used in capital and related financing activities	(471,847)	-	(408,632)	(880,479)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	149,457	3,769	16,243	169,469	25
Net cash provided by investing activities	149,457	3,769	16,243	169,469	25
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,851,119	16,170	421,768	9,289,057	36,721
CASH AND CASH EQUIVALENTS, BEGINNING	12,308,120	235,556	1,168,551	13,712,227	278,584
CASH AND CASH EQUIVALENTS, ENDING	$21,159,239	$ 251,726	$ 1,590,319	$ 23,001,284	$ 315,305
CLASSIFED AS:					
Current assets - unrestricted	9,830,914	251,726	1,590,319	11,672,959	315,305
Current assets - restricted, bond funds	3,799,689	-	-	3,799,689	-
Noncurrent assets - restricted, bond funds	4,187,771	-	-	4,187,771	-
Noncurrent assets - restricted, impact fee funds	3,340,865	-	-	3,340,865	-
TOTAL CASH AND CASH EQUIVALENTS, ENDING	$21,159,239	$ 251,726	$ 1,590,319	$ 23,001,284	$ 315,305

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2018

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	$ 4,214,617	$ (16,543)	$ (206,457)	$ 3,991,617	$ 140,284
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	5,767,626	6,713	1,134,172	6,908,511	-
Changes in assets and liabilities:					
Accounts receivable	(442,887)	(91,397)	(9,814)	(544,098)	(90,181)
Other receivables	74,347	3,083	153	77,583	(99)
Prepaid expenses and other assets	(6,682)	-	-	(6,682)	28,507
Inventory	(189,532)	-	-	(189,532)	-
Accounts payable and accrued liabilities	288,076	110,545	(10,753)	387,868	(41,815)
Customer and escrow deposits	53,233	-	-	53,233	-
Accrued compensated absences	497	-	4,665	5,162	-
Net pension liability and OPEB obligation	46,916	-	2,187	49,103	-
Total adjustments	5,591,594	28,944	1,120,610	6,741,148	(103,588)
Net cash provided by operating activities	$ 9,806,211	$ 12,401	$ 914,153	$ 10,732,765	$ 36,696
NONCASH FINANCING AND INVESTING ACTIVITIES:					
Capital contributions	$ 2,632,704	$ -	$ 690,713	$ 3,323,417	$ -
Gain on disposal of capital assets	14,245	-	-	14,245	-
Total noncash financing and investing activities	$ 2,646,949	$ -	$ 690,713	$ 3,337,662	$ -

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Fiduciary Funds
September 30, 2018

	PID Agency Fund	Other Post Employment Benefits Trust Fund
ASSETS		
Restricted Cash	$ -	$ 11,792
Investments:		
Money market	30,058,813	-
Equity mutual funds	-	268,485
Fixed income mutual funds	-	161,382
Total investments	30,058,813	429,867
Total assets	30,058,813	441,659
LIABILITIES		
Liability to bondholders	30,058,813	-
Total liabilities	$ 30,058,813	-
NET POSITION		
Held in trust for other post employment benefits and other purposes		441,659
Total net position		$ 441,659

The Notes to the Financial Statements are an integral part of this statement.

City Of Rowlett, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiduciary Funds

For the Fiscal Year Ended September 30, 2018

	Other Post Employment Benefit Trust Fund
ADDITIONS	
Employer contributions	$ 37,586
Interest income	26,895
Total additions	64,481
DEDUCTIONS	
Administrative expenses	2,348
Total deductions	2,348
Change in net position	62,133
Net position, beginning of year	379,526
Net position, end of year	$ 441,659

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Basic Financial Statements

Rowlett
TEXAS

Note 1. Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Rowlett, Texas (City) is a municipal corporation governed by an elected mayor and six-member council. It was incorporated on March 1, 1952, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. On January 19, 1980, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants. The City's services include public safety, streets and transportation, water and wastewater, solid waste collection and disposal, environmental health and leisure services.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

The City's basic financial statements include all organizations and activities determined to be part of the City's reporting entity. There are no component units of the City as defined by generally accepted accounting principles.

(b) Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, as amended, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the government funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. GASB Statement No. 34 also requires supplementary information such as Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the adopted and modified General Fund budget with actual results for adopted funds.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements.

(c) Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

GASB Statement No. 34 also permits the City to report individual non-major funds if officials believe the fund is particularly important to the financial statement's readers. The Refuse Fund is reported as major for this reason.

(d) Change in Accounting Principle

During fiscal year 2018, the City adopted the following GASB Statements:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes financial standards for state and local governmental other post employment benefit plans (OPEB). The statement replaces Statement No. 43*, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The adoption of Statement No. 74 has no impact on the City's financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, addresses accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.*

With this implementation, the City's financial statements were restated to reflect the beginning net OPEB liability, deferred outflows and inflows of resources and the recognition of OPEB expense and contributions made between the start of the measurement period and the City's prior fiscal year. The restatement to beginning net position is noted below and reflected on the statements:

	Government-wide Level Statement of Activities		Fund Level Statement of Revenues, Expenses and Changes in Net Position	
	Governmental Activities	Business-type Activities	Water and Sewer	Drainage
Net position at September 30, 2017	$ 64,912,575	$ 87,524,310	$ 65,154,362	$ 21,708,729
Change in reporting for OPEB	(1,430,485)	(104,406)	(103,832)	(574)
Net position at September 30, 2017 as restated	$ 63,482,090	$ 87,419,904	$ 65,050,530	$ 21,708,155

(e) Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments not due within the operating cycle, are recorded only when the obligation has matured and is due and payable shortly after year end as required by GASB Interpretation No. 6.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered deferred revenue.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then use unrestricted resources as they are needed.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, refuse, and municipal drainage funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the financing and acquisition of right of way and construction of streets and alleys, buildings, land acquisition and park improvements. Funds are provided primarily through bond sales, impact fees and interest earnings.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activities of the enterprise. The enterprise operates the water distribution and pump stations, the sewage collection system and lift stations.

The **Refuse Fund** accounts for the activities of the City's residential and commercial trash collection service.

The **Drainage Fund** accounts for the activities of the City's drainage maintenance operations.

Additionally, the City reports the following nonmajor fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes, such as impact fees, police seizure, court fees, grants, etc.

The **Internal Service Fund** is used to account for the City's self-insurance activities provided to other departments or funds of the City on a cost reimbursement basis.

The **Fiduciary Funds** are used to hold assets for the benefit of a third party (OPEB participants) and cannot be used to address activities or obligations of the government. These funds are not incorporated into the government-wide financial statements.

Assets, Liabilities, and Net Position or Equity

(f) Deposits and Investments

Cash in all funds, excluding the City's payroll account and certain escrow accounts, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash. Investment income resulting from this pooling is allocated to the respective funds based on the sources of the funds invested.

Investments are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers a quoted market price at September 30, 2018 to be the fair value of investments.

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, escrow cash with fiscal agent and short-term investments with original maturities of three months or less from the date of acquisition.

(g) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances are calculated based on historical performance and can differ between receivable types. Accounts without the backing of liens or contractual agreements exceeding 365 days are typically written off.

Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

(h) Inventories and Prepaid Items

Inventories, which are expended as they are consumed, are recorded using the average cost method and are stated at cost. They are valued at the lower of moving average (i.e., perpetual inventory) cost or market. Unit prices are adjusted as new inventory is added, thus the moving average cost closely represents the cost of goods sold. Other inventories are stated at the lower of cost (first-in, first-out method) or market.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A reserve for prepaid items and inventories is recognized in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures. At the government-wide level, unamortized bond issue costs are treated as a prepaid item.

(i) Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds, for example, contribution of capital assets to a proprietary fund, are accounted for as transfers.

(j) Restricted Assets

Assets, consisting of cash and short-term investments, have been set aside on the balance sheet because they represent funds with restricted purposes.

In the proprietary funds, restricted assets are segregated to reflect resources accumulated for debt service, construction funds, or other legal requirements. Debt service amounts are restricted for the current year requirements and also for future years' requirements as required by bond covenants. Construction funds represent resources set aside for construction projects of the Water and Sewer and Drainage Funds.

(k) Capital Assets

Capital assets, which include property, plant, equipment and public domain (infrastructure) assets (e.g. roads, water and sewer lines, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of three years. Public infrastructure is capitalized at $100,000 and an estimated useful life in excess of five years. Contributed assets are recorded at acquisition value at the time received. Assets acquired by lease financing are capitalized over the term of the lease according to the City's capitalization threshold policy. Capital costs that do not materially add to the value of the asset, extend its useful life, or do not otherwise meet the government's capitalization threshold are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line with half-year convention method. The estimated useful lives under the policy are as follows:

Buildings, other improvements	20 - 40 years
Alleys, drainage systems, and water and sewer system	25 years
Equipment	3 - 20 years
Streets	10 - 20 years

(l) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and difference between expected and actual economic experience – These differences are deferred and amortized.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only three types of items. The first arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, grants, and various fees and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the difference in expected and actual pension and OPEB experience, and the third item is the difference in projected and actual earnings on pensions. These items are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

(m) Compensated Absences

City employees earn vacation and sick leave based on length of service. Nonexempt employees are eligible to accumulate compensation time at one and one-half times the hourly rate of pay. At termination, employees are reimbursed for accumulated vacation and compensatory time. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are typically liquidated with expendable resources in the General Fund.

(n) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term obligations such as the net pension liability and the net other post-employment benefits (OPEB) liability are liquidated with expendable resources in the General Fund.

(o) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation. Since the City intends to honor such commitments, the subsequent year's appropriations will provide authority to complete these transactions. Under the City's budgetary process, appropriations lapse at fiscal year-end, except for capital improvements or contracts in which the City issued a purchase order prior to the end of the year. These encumbrances are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year. Refer to Note 14F for the amount of encumbrances expected to be honored upon performance by the vendor in the next year.

(p) Fund Balance Classification and Net Position

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Fund balances classified as committed can only be used for specific purposes pursuant to Resolution Number RES-011-12 imposed by the City Council, which constitutes the highest level of action and most binding constraint.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council has by resolution authorized the City Manager and/or the Director of Financial Services to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

At the government–wide level, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, net of debt related to any unspent proceeds.

(q) Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(r) Other Post-Employment Benefits

The fiduciary net position of the City's Other Post-Employment Benefit (OPEB) plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment befits, OPEB expense, and information about assets, liabilities and additions to/deductions from the City's fiduciary net position. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total OPEB Liability is obtained from a report prepared for the City by consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

(s) Deficit Fund Balance

At September 30, 2018, the Grant Fund, a nonmajor governmental fund, had a deficit fund balance of $130,582. The fund incurred expenditures under a grant that were not reimbursed in a timely manner under the modified accrual basis of accounting to be included in revenue. However, the City anticipates receiving reimbursement for these grants in fiscal year 2019.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

- Approximately 60-90 days prior to October 1 of each fiscal year, the City Manager submits a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings and budget work sessions are conducted to obtain taxpayer comments.
- Typically, the City Council enacts the budget by ordinance before September 19th. This allows tax statements to be prepared and mailed in a timely fashion.
- Annual budgets are legally adopted for the General, Debt Service, Capital Projects, Internal Service and Enterprise Funds. Budgets are prepared on a modified accrual basis for the General, Other Governmental, Capital Projects and Debt Service Funds. Enterprise and Internal Service Fund budgets are prepared on an accrual basis, except that capital outlays (exclusive of water and sewer capital projects) and principal payments on debt are budgeted as expenses and depreciation expense is not budgeted. Budgets for the Capital Projects Funds are normally established pursuant to the term of the related bond indentures, that is, on a project basis.
- The level of control is at the fund level. Budget adjustments are transfers of approved funds from one line-item within a department or from one department to another within a fund. Budget adjustments within the same department under $10,000 may be approved by the Director and Director of Financial Services with notification to the City Manager. Budget adjustments exceeding $10,000 or between departments within the same fund shall be made at the discretion and approval of the City Manager. Budget amendments, which increase or decrease the total appropriation of a given fund shall be approved by the City Council at a regularly scheduled City Council meeting.

The Budgetary Comparison Schedule, included in the required supplementary information, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted.

This schedule utilizes the same basis of accounting for both budgetary purposes and actual results. Budgetary data for the Capital Projects Funds have not been presented in the accompanying supplemental information. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in a Five Year Capital Improvements Plan.

Note 3. Deposits and Investments

The City has adopted Investment Policies, which are in accordance with the laws of the State of Texas, where applicable, specifically the Public Funds Investment Act (PFIA). The policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments, and certain investment practices. Authorized investments include obligations of the federal government or its agencies and instrumentalities, repurchase agreements, state and local investment pools, SEC regulated money market mutual funds, collateralized or insured certificates of deposit, and prime commercial paper.

State statutes require that all deposits in the financial institutions be fully collateralized by U.S. government obligations or obligations of the state of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's demand deposits were fully collateralized at September 30, 2018 with collateral required by the state statutes. At year-end, the City's deposit balance was fully covered by collateral held by the City's depository bank in the City's name or by FDIC insurance.

The City categorizes its fair value measurements within the three-level fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Below are the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City's investments are measured as presented in the table below. The City's investment balances, weighted average maturity, and credit risk of such investments are as follows:

	September 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Maturity (Years)	Rating
Investments Measured at Amortized Cost:							
Texas Local Government Investment Pools							
TexPool	$ 51,310,468	$ -	$ -	$ -	69.12%	0.003	AAAm
Investments Subject to Fair Value							
Commercial Paper	2,821,673	-	2,821,673	-	3.80%	0.390	P-1
U.S. Agencies	4,135,737	-	4,135,737	-	5.57%	1.050	Aaa
U.S. Treasuries	15,964,651	-	15,964,651	-	21.51%	1.820	Aaa
Total Value	$ 74,232,529	$ -	$ 22,922,061	$ -		1.500	

The City invests in Texas Local Government Investment Pool (TexPool), an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. The fair value of the City's position in the pool is the same as the value of pool shares.

The TexPool investment pool is an external investment pool measured at amortized cost to report net position to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of $1.00 per share, has a weighted average maturity of 60 days or less, and has a weighted average life of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and no maximum transaction amounts. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

This local government investment pool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Texas Local Government Investment Pool (TexPool) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

As of September 30, 2018, the City has the recurring fair value measurements for commercial paper, agencies, and treasury notes of $22,922,061 valued using quoted prices for similar assets in active markets (Level 2).

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's investment policy states that the overall weighted average maturity of principal return for the entire portfolio shall be less than two (2) years. By policy, the City will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk. The City's investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments. The City's investments in U.S. Agency securities (Commercial Paper, FHLB, FHLMC, and US TSY) are individually rated by Standard & Poor's and by Moody's Investors Service (see table above). As of September 30, 2018, investments in the Texas Local Government Pool (TexPool) carried a credit rating of AAAm by Standard & Poor's. US Treasuries are backed by the full faith and credit of the US Government.

Concentration of Credit Risk. With the exception of U.S. Treasury securities and State Local Government Pools, the City's investment policy limits the amount that may be invested in any one issuer to 40% of the total investment portfolio. The City's investment policy also has stricter restrictions for commercial paper, CD's, repurchase agreements, mutual funds and other investments. As of September 30, 2018, 30.88% of the City's total investments are in the following: Federal Home Loan Banks (1.31%), Federal Home Loan Mortgage Corporation (1.47%), Fannie Mae (2.80%), US Treasury Notes (21.51%), and Commercial paper (3.80%) on a fair value basis. The remaining 69.12% is in TexPool.

Custodial Credit Risk – Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City may not be able to recover its deposits. The City's investment policy follows state statutes, which require that all deposits in financial institutions be fully collateralized or insured. As of September 30, 2018, the City's bank balance was $9,605,881, and none of that amount was exposed to custodial credit risk at year-end.

Custodial Credit Risk – Investments. For investments, custodial credit risk is the risk that in the event of the failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that all investments held by outside parties for safekeeping be held in the name of the City. The City was not exposed to any custodial credit risk at year-end.

Note 4. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due October 1 and become delinquent after the following January 31. Penalty and interest is charged at 7% on delinquent taxes beginning February 1 and increases each month to a maximum of 18% on July 1. Assessed values are established at 100% of estimated market value and certified by the Board of Equalization. The assessed value for the roll of January 1, 2017, upon which the fiscal year 2018 levy was based, was $4,384,151,359.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. However, on May 3, 2003, the citizens of Rowlett approved modifications to the City's Home Rule Charter, including a provision to cap the levy of property taxes at $1.25 per $100 of assessed valuation.

The tax rate for the year ended September 30, 2018 was $.777173 per $100, of which $0.551190 was allocated for general government and $0.225983 was allocated for the payment of principal and interest on general obligation debt. Taxes are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Tax collections, including past delinquencies, for the year ended September 30, 2018, were 99.42% of the tax levy.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every four years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district. As of September 1, 1997, the City contracted with Dallas County to bill and collect the City's property taxes.

Note 5. Receivables

Receivables as of the year end for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water and Sewer	Refuse	Drainage	Internal Service	Total
Interest	$ 8,420	$ 549	$ 32,219	$ 4,126	$ 13,741	$ 220	$ 1,242	$ 99	$ 60,616
Court	-	-	-	673	-	-	-	-	673
Ambulance	1,435,381	-	-	-	-	-	-	-	1,435,381
Lot mowing	286,368	-	-	-	-	-	-	-	286,368
Sales tax	1,380,329	-	-	-	-	-	-	-	1,380,329
Hotel/motel tax	-	-	-	13,431	-	-	-	-	13,431
Property tax	364,393	158,569	-	-	-	-	-	-	522,962
Customer accounts	-	-	116,390	-	4,745,670	872,522	205,904	-	5,940,486
Other accounts	78,163	-	-	-	309,110	1,591	-	108,555	497,419
Franchise fees	1,002,529	-	-	37,494	-	-	-	-	1,040,023
911 fees	34,266	-	-	-	-	-	-	-	34,266
Note, noncurrent	-	-	-	-	27,203	-	-	-	27,203
Gross receivables	4,589,849	159,118	148,609	55,724	5,095,724	874,333	207,146	108,654	11,239,157
Less: allowance for uncollectibles	(1,328,563)	(17,029)	(1,631)	-	(107,353)	(32,203)	(6,533)	-	(1,493,312)
Net total receivables	$ 3,261,286	$ 142,089	$ 146,978	$ 55,724	$ 4,988,371	$ 842,130	$ 200,613	$ 108,654	$ 9,745,845

Revenue Recognition

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property tax receivable	$ 466,686	$ -
Ambulance	192,407	-
Mowing liens	243,413	-
Intergovernmental	132,222	26,484
Franchise Fees	179,369	-
Other	13,582	6,729
Total unavailable/unearned revenue for governmental funds	$ 1,227,679	$ 33,213

Note 6. Capital Assets

Capital asset activity as of September 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 29,488,263	$ 161,781	$ -	$ -	$ 29,650,044
Construction in progress	14,714,888	6,020,028	-	(5,945,664)	14,789,252
Total capital assets not being depreciated	44,203,151	6,181,809	-	(5,945,664)	44,439,296
Capital assets being depreciated:					
Buildings	22,275,637	-	-	-	22,275,637
Improvements other than buildings	24,873,968	1,079,219	(20,124)	3,637,459	29,570,522
Machinery and equipment	19,619,311	700,522	(199,275)	-	20,120,558
Infrastructure	127,623,873	1,774,182	-	1,937,667	131,335,722
Total capital assets being depreciated	194,392,789	3,553,923	(219,399)	5,575,126	203,302,439
Less accumulated depreciation:					
Buildings	(8,515,441)	(589,230)	-	-	(9,104,671)
Improvements other than buildings	(21,023,348)	(653,309)	20,124	-	(21,656,533)
Machinery and equipment	(13,066,806)	(2,305,340)	199,275	-	(15,172,871)
Infrastructure	(87,948,865)	(5,296,987)	-	-	(93,245,852)
Total accumulated depreciation	(130,554,460)	(8,844,866)	219,399	-	(139,179,927)
Total capital assets being depreciated, net	63,838,329	(5,290,943)	-	5,575,126	64,122,512
Governmental activities capital assets, net	$ 108,041,480	$ 890,866	$ -	$ (370,538)	$ 108,561,808

	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 1,010,080	$ -	$ -	$ -	$ 1,010,080
Construction in progress	17,572,700	-	-	(9,287,732)	8,284,968
Total capital assets not being depreciated	18,582,780	-	-	(9,287,732)	9,295,048
Capital assets being depreciated:					
Buildings	1,100,819	-	-	-	1,100,819
Improvements other than buildings	272,941	-	-	-	272,941
Machinery and equipment	10,335,575	57,803	(57,439)	-	10,335,939
Infrastructure	172,007,330	3,304,670	-	9,598,535	184,910,535
Total capital assets being depreciated	183,716,665	3,362,473	(57,439)	9,598,535	196,620,234
Less accumulated depreciation:					
Buildings	(544,737)	(28,458)	-	-	(573,195)
Improvements other than buildings	(245,422)	(2,773)	-	-	(248,195)
Machinery and equipment	(6,770,156)	(1,066,118)	57,439	-	(7,778,835)
Infrastructure	(88,146,654)	(5,811,162)	-	-	(93,957,816)
Total accumulated depreciation	(95,706,969)	(6,908,511)	57,439	-	(102,558,041)
Total capital assets being depreciated, net	88,009,696	(3,546,038)	-	9,598,535	94,062,193
Business-type activities capital assets, net	$ 106,592,476	$ (3,546,038)	$ -	$ 310,803	$ 103,357,241

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 621,058
Public safety	1,644,453
Public works	5,785,646
Culture and recreation	761,204
Community development	32,505
Total depreciation expense - governmental activities	$ 8,844,866

Business-type activities:	
Water and sewer	$ 5,767,626
Refuse	6,713
Drainage	1,134,172
Total depreciation expense - business-type activities	$ 6,908,511

Note 7. Employee's Retirement System

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to 100% of what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions.

The City can grant, as often as annually, another type of monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase (to retirees)	50% of CPI repeating

The City does not participate in Social Security.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	216
Inactive employees entitled to but not yet receiving benefits	252
Active employees	381
	849

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.00% and 13.08% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ending September 30, 2018, were $3,286,438, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	$ 116,624,639	$ 101,214,439	$ 15,410,200
Changes for the year:			
Service cost	3,927,237	-	3,927,237
Interest	7,871,621	-	7,871,621
Difference between expected and actual experience	221,315	-	221,315
Changes of assumptions	-	-	-
Contributions - employer	-	3,084,838	(3,084,838)
Contributions - employee	-	1,661,067	(1,661,067)
Net investment income	-	14,029,963	(14,029,963)
Benefit payments, including refunds of employee contributions	(3,943,302)	(3,943,302)	-
Administrative expense	-	(72,699)	72,699
Other changes	-	(3,684)	3,684
Net changes	8,076,871	14,756,183	(6,679,312)
Balance at 12/31/2017	$ 124,701,510	$ 115,970,622	$ 8,730,888

Sensitivity of the net pension liability to changes in the discount rate –

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 27,750,067	$ 8,730,888	$ (6,731,111)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of $3,622,346.

At September 30, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 287,254	$ (108,544)
Changes in actuarial assumptions	436,946	-
Difference between projected and actual investment earnings	-	(2,988,541)
Contributions subsequent to the measurement date	2,505,339	-
Total	$ 3,229,539	$ (3,097,085)

$2,505,339 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2018 (i.e. recognized in the City's financial statements September 30, 2019).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended December 31:	
2018	$ 386,283
2019	55,884
2020	(1,381,899)
2021	(1,433,153)
Total	$ (2,372,885)

Note 8. Other Post-Employment Benefits (OPEB)

Post-retirement Health Care Benefits

Plan Description
The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under City policy. The benefit plan was established by the City in 2002 and last amended in 2005. No separate pension plan report is issued. This plan is administered by the City and no separate audited financial statements are available.

Benefits Provided
Retired employees who have satisfied the retirement requirement as defined by the Texas Municipal Retirement System (TMRS) are eligible to participate. The City has elected the retirement requirement as any age with 20 years of service or 5 years of service for age 60 and above. Retirees under 65 retiring under the TMRS system are eligible to receive premium payments of individual (not dependent) health insurance benefits for a period of time equal to one month for every full year of service with the City. Employees are eligible immediately upon retirement and the eligibility only runs from the retirement date. Active employees do not contribute any of their wage toward retiree health care benefits.

The City pays the employee-only premium for medical coverage, based on the City's Core Medical Plan Option. Retired employees are required to pay 100% of any additional premium expense for health benefits purchased upon retirement. Spouse and eligible dependents are eligible to continue to purchase health benefits per Chapter 175 provisions. The City does not pay any portion of spouse or dependent medical coverage.

As of the December 31, 2017 biennial actuarial valuation, the Trust's membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	367
Total Plan Members	384

Contributions and Funding Policy

The City has the authority to establish and amend the plan contributions by resolution of the City Council. The City contributes to the trust on an annual basis. Contributions by the City are established as part of the annual budget process and are based on amounts determined in the actuarial study prepared biennially. The City pays the retiree-only premium for medical coverage based on the City's Core Medical Plan Option for one month for each full year of service with the City of Rowlett.

Net OPEB Liability

The City's net OPEB liability and total OPEB liability were measured as of December 31, 2017.

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2017
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Participation Rates	Rates of 85% during the funded period, and 10% after the funded period.
Healthcare Cost Trend Rates	Initial rates of 7.50% declining to ultimate rates of 5.00% after 12 years.

Rate of Return

The long-term rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of December 31, 2017.

Asset Class:	Target Allocation	Asset Class Expected Rate of Return
Equity:		
Large Cap Core	32.00%	6.70%
Mid Cap Core	6.00%	7.00%
Small Cap Core	9.00%	7.90%
Real Estate	2.00%	5.70%
International	7.00%	7.30%
Emerging Markets	4.00%	9.70%
Fixed Income:		
Short Term Bond	6.75%	3.80%
Intermediate Term Bond	27.00%	4.60%
High Yield	1.25%	6.00%
Cash	5.00%	2.10%

Discount Rate

A single discount rate of 6.75% was used to measure the total OPEB liability. Based on the stated assumptions and the projection of cash flows as of each plan year, the OPEB plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning Balance	$ 3,501,633	$ 348,625	$ 3,153,008
Service cost	161,071		161,071
Interest on total OPEB liability	235,666		235,666
Employer contributions	-	219,240	(219,240)
Net investment income	-	45,384	(45,384)
Benefit payments	(181,655)	(181,655)	-
Administrative expenses	-	(2,098)	2,098
Net changes	215,082	80,871	134,211
Ending Balance	$ 3,716,715	$ 429,496	$ 3,287,219

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate.

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption		
1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.75%	*6.75%*	*7.75%*
$ 3,611,795	$ 3,287,219	$ 2,994,253

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate.

Sensitivity of Net OPEB Liability to the Healthcare Cost Trend Rate Assumption		
1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 2,916,469	$ 3,287,219	$ 3,720,430

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of $369,974. At September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience, assets	$ -	$ 16,524
Contributions subsequent to the measurement date	73,018	-
Total	$ 73,018	$ 16,524

Deferred outflows of resources of $73,018 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for fiscal year 2019. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense in the following fiscal years:

2019	$ (4,131)
2020	(4,131)
2021	(4,131)
2022	(4,131)
Total	$ (16,524)

Note 9. Long-Term Debt

A summary of long-term debt transactions, including the current portion, as of September 30, 2018, was as follows:

	Balance October 1, 2017	Issued Incurred	Retired or Refunded	Balance September 30, 2018	Due Within One Year
Governmental activities					
General obligation bonds	$ 63,893,994	$ 19,255,000	$ 6,613,066	$ 76,535,928	$ 6,469,515
Combined tax and surplus revenue certificates of obligation	2,545,000	-	160,000	2,385,000	165,000
Limited tax notes	895,000	1,800,000	175,000	2,520,000	735,000
Capital leases	3,233,339	-	766,167	2,467,172	783,368
Bond premiums	4,681,208	1,014,695	704,309	4,991,594	-
Compensated absences	3,200,344	278,735	66,877	3,412,202	323,921
Net pension liability	14,172,585	-	6,098,212	8,074,373	-
Net OPEB liability	1,296,850	3,001,231	1,296,850	3,001,231	-
Governmental activities long-term debt	$ 93,918,320	$ 25,349,661	$ 15,880,481	$ 103,387,500	$ 8,476,804
Business-type activities					
Water and sewer revenue bonds	$ 21,030,000	$ 4,775,000	$ 1,975,000	$ 23,830,000	$ 2,190,000
General obligation bonds	11,191,006	-	1,561,935	9,629,071	1,430,485
Capital leases	2,773,624	-	860,620	1,913,004	884,327
Bond premiums	1,733,707	344,600	352,559	1,725,748	-
Compensated absences	155,910	30,464	25,302	161,072	15,291
Net pension liability	1,237,615	-	581,100	656,515	-
Net OPEB liability	155,483	285,988	155,483	285,988	-
Business-type activities long-term debt	$ 38,277,345	$ 5,436,052	$ 5,511,999	$ 38,201,398	$ 4,520,103

For the governmental activities, the net pension liability and the other post-employment benefit liability are generally liquidated by the General Fund.

Long-term debt for governmental activities at September 30, 2018 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Governmental activities					
General obligation bonds:					
2010 Refunding	10,825,000	2.00-3.00	2/15/22	$ 3,800,000	$ 975,000
2011 Refunding	7,860,000	2.00-4.00	2/15/23	3,595,000	670,000
2012 Refunding	6,271,149	2.00-5.00	2/15/29	3,980,928	599,515
2013 Refunding	7,385,000	2.50-5.00	2/15/25	7,220,000	-
2014 Refunding	3,750,000	3.00-4.40	8/15/39	3,350,000	110,000
2015 Refunding and improvements	29,460,000	3.00-5.00	2/15/35	21,140,000	3,070,000
2016 Various purpose	4,105,000	4.00-5.00	2/15/36	4,105,000	160,000
2017 Various purpose	10,930,000	2.00-5.00	2/15/37	10,090,000	380,000
2018 Various purpose	19,255,000	3.00-5.00	2/15/38	19,255,000	505,000
				76,535,928	6,469,515
Combination tax and revenue certificates of obligation:					
2015 Various purpose	2,885,000	3.00 - 4.00	2/15/30	2,385,000	165,000
				2,385,000	165,000
Tax notes					
2015 Tax note	1,235,000	0.63 - 2.02	2/15/22	720,000	175,000
2018 Tax note	1,800,000	2.757	2/15/21	1,800,000	560,000
				2,520,000	735,000
Total governmental activities long-term bonded debt				81,440,928	7,369,515
Plus:					
Premiums and discounts				4,991,594	-
Net government activities long-term bonded debt				$ 86,432,522	$ 7,369,515

Long-term debt for business activities at September 30, 2018 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Business-type activities					
Utility system revenue bonds:					
2012 Various purpose	8,525,000	2.00-3.50	3/1/32	$ 6,440,000	$ 380,000
2014 Various purpose	4,825,000	1.00-4.00	3/1/34	4,125,000	190,000
2015 Refunding	12,330,000	1.50-5.00	3/1/26	8,490,000	1,480,000
2018 Various purpose	4,775,000	3.375-5.00	3/1/38	4,775,000	140,000
				23,830,000	2,190,000
General obligation bonds:					
2011 Refunding	1,140,000	2.00-4.00	2/15/23	415,000	135,000
2012 Refunding	10,883,851	2.00-5.00	2/15/29	6,909,071	1,040,485
2013 Refunding	525,000	3.00-3.00	2/15/18	-	-
2015 Refunding	2,780,000	3.00-5.00	2/15/26	2,305,000	255,000
				9,629,071	1,430,485
Total business-type activities long-term bonded debt				33,459,071	3,620,485
Plus:					
Premiums and discounts				1,725,748	-
Net business-type activities long-term bonded debt				$ 35,184,819	$ 3,620,485

The annual requirements to amortize general and certificates of obligations bonds as of September 30, 2018 are summarized below:

	General and Certificates of Obligation Bonds					
Year Ended	Governmental Activities			Business-type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2019	$ 7,369,515	$ 3,148,524	$ 10,518,039	$ 1,430,485	$ 398,646	$ 1,829,131
2020	7,309,138	2,844,035	10,153,173	1,475,862	348,426	1,824,288
2021	7,257,899	2,542,073	9,799,972	1,502,101	291,571	1,793,672
2022	6,810,316	2,235,618	9,045,934	1,429,684	224,512	1,654,196
2023	6,120,044	1,957,303	8,077,347	1,504,956	151,146	1,656,102
2024-2028	19,718,533	6,749,734	26,468,267	2,276,467	110,833	2,387,300
2029-2033	14,295,483	3,602,520	17,898,003	9,516	155	9,671
2034-2038	12,325,000	1,043,428	13,368,428	-	-	-
2039-2040	235,000	10,340	245,340	-	-	-
Total	$ 81,440,928	$ 24,133,575	$ 105,574,503	$ 9,629,071	$ 1,525,289	$ 11,154,360

The annual requirements to amortize water and sewer revenue bonds as of September 30, 2018 are summarized below:

Year Ended September 30,	Water and Sewer Revenue Bonds		
	Principal	Interest	Total
2019	$ 2,190,000	$ 849,256	$ 3,039,256
2020	2,000,000	771,625	2,771,625
2021	1,720,000	717,994	2,437,994
2022	1,770,000	663,238	2,433,238
2023	1,835,000	603,141	2,438,141
2024-2028	7,410,000	1,930,703	9,340,703
2029-2033	4,965,000	797,188	5,762,188
2034-2038	1,940,000	151,156	2,091,156
Total	$ 23,830,000	$ 6,484,301	$ 30,314,301

As of September 30, 2018, the City had authorized but unissued general obligation bonds outstanding as follows:

Date	Purpose	Amount Authorized	Previously Issued	Unissued Balance
5/5/2018	Streets and drainage	$ 41,470,000	$ 14,760,655	$ 26,709,345
5/5/2018	Parks and recreation	8,955,000	3,890,523	5,064,477
5/5/2018	Public safety	9,485,000	1,318,822	8,166,178
		$ 59,910,000	$ 19,970,000	$ 39,940,000

Bond Issuances

On August 16, 2018, the City issued "City of Rowlett, Texas, General Obligation Bonds, Series 2018," totaling $19,255,000 to finance the construction and improvement of city streets and drainage, municipal parks and recreation facilities and public safety facilities. These bonds incur an average cost over the life of the bonds at a rate of 3.00-5.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2038.

On September 6, 2018, the City issued "City of Rowlett, Texas, Tax Note, Series 2018," totaling $1,800,000 to finance repairing and renovating municipal facilities, acquiring equipment and vehicles for municipal departments, and acquiring emergency warning sirens. These notes incur an average cost over the life of the notes at a rate of 2.757% and mature annually with semi-annual interest payments. The bonds will fully mature in 2021.

On August 16, 2018, the City issued "City of Rowlett, Texas, Waterworks and Sewer System Revenue Bonds, Series 2018," totaling $4,775,000 to finance acquiring, constructing, installing and equipping additions, improvements and extensions to the City's waterworks and sewer system. These bonds incur an average cost over the life of the bonds at a rate of 3.375-5.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2038.

Revenue Bonds

Revenue Bonds are used to finance the acquisition of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system, second to establish and maintain the debt service fund and third to establish and maintain a required reserve fund. Any net revenues remaining may be used for any lawful purpose.

The bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirements as they become due. At September 30, 2018, a balance of $2,123,391 is restricted within the water and sewer fund for debt service requirements. The reserve fund is required to be maintained in an amount at least equal to the average annual debt service requirements of the bonds similarly secured. No additional deposit to the reserve fund will be required upon issuance of the bonds. At September 30, 2018, a balance of $1,676,300 is restricted within the water and sewer reserve fund.

For fiscal year 2018, net revenue available for debt service was 6.79 times the average annual debt service requirement. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain required amounts and certain financial ratios are met.

Compliance with Debt Covenants

At September 30, 2018, and for the year then ended, the City was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

Capital Leases

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase water meters and parts, haul trucks and a trailer. The agreement is for an approximate sixty-six month term based on delivery of equipment and expires on July 15, 2020. Payments are $132,968 annually and carry an effective interest rate of 1.645%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase a patch truck, backhoes, and a Gradall excavator. The agreement is for an approximate ninety month term based on delivery of equipment and expires on July 15, 2022. Payments are $116,620 annually and carry an effective interest rate of 1.905%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase fire trucks. The agreement is for an approximate 127 month term based on delivery of equipment and expires on November 1, 2024. Payments are $198,831 annually and carry an effective interest rate of 2.01%.

The City previously entered into an agreement with Clayton Holdings, L.L.C. to purchase fire protective clothing and bunker gear. The agreement is for an approximate 50 month term based on delivery of equipment and expires on July 10, 2019. Payments are $49,706 annually and carry an effective interest rate of 1.57%.

The City previously entered into an agreement with Clayton Holdings, L.L.C. to purchase a fuel management system. The agreement is for an approximate 74 month term based on delivery of equipment and expires on July 10, 2021. Payments are $15,339 annually and carry an effective interest rate of 1.79%.

The City previously entered into an agreement with Clayton Holdings, L.L.C. to purchase water meters. The agreement is for an approximate 50 month term based on delivery of equipment and expires on July 10, 2019. Payments are $54,670 annually and carry an effective interest rate of 1.56%.

The City previously entered into an agreement with Whitney Bank to purchase three maintenance trucks. The agreement is for an approximate 86 month term based on delivery of equipment and expires on August 22, 2021. Payments are $110,546 annually and carry an effective interest rate of 1.632%.

The City previously entered into an agreement with SunTrust Leasing Corporation to purchase an enterprise resource planning system. The agreement is for an approximate 75 month term based on delivery of the equipment and expires on August 15, 2020. Payments are $126,327 annually and carry an effective interest rate of 1.82%.

The City previously entered into an agreement with Pinnacle Public Finance Inc. to purchase a self-contained breathing apparatus. The agreement is for an approximate 108 month term based on delivery of the equipment and expires on October 31, 2023. Payments are $44,683 annually and carry an effective interest rate of 2.63%.

The City previously entered into an agreement with Pinnacle Public Finance Inc. to purchase two ambulances and a payroll system. Both agreements are for approximate 48 month terms based on delivery of the equipment and both expire on October 31, 2018. Payments are $75,430 and $76,350, respectively, annually and carry an effective interest rate of 2.00%.

The City previously entered into an agreement with SunTrust Leasing Corporation to purchase water meters. The agreement is for an approximate 50 month term based on delivery of the equipment and expires on October 15, 2018. Payments are $89,035 annually and carry an effective interest rate of 1.38%.

The City previously entered into an agreement with Clayton Holdings, L.L.C. to purchase a diesel chassis with crane. The agreement is for an approximate 72 month term based on delivery of the equipment and expires on December 17, 2018. Payments are $22,824 annually and carry an effective interest rate of 1.61%.

The City previously entered into an agreement with Capital One to purchase police and fire software. The agreement is for a nine year term based on delivery of the equipment and expires on September 30, 2020. Payments are $80,085 annually and carry an effective interest rate of 2.58%.

The City previously entered into an agreement with SunTrust Equipment Finance & Leasing Corp. to purchase two fire trucks. The agreement is for an approximate 110 month term based on delivery of the equipment and expires on October 31, 2019. Payments are $99,888 annually and carry an effective interest rate of 2.77%.

The City previously entered into an agreement with SunTrust Equipment Finance & Leasing Corp. in 2005 totaling $5,183,559 to replace its water meter system and for various facility improvements. The agreement is for a fifteen year term expiring on July 10, 2020. Payments are made quarterly, ranging from $108,000 to $128,000 and carries an effective interest rate of 3.99%. Responsibility for repaying the debt is split between the General Fund and Water and Sewer Fund at 9.5% and 90.5% respectively.

The assets acquired through capital leases are as follows:

	Water and Sewer	Governmental Activities	Total
Asset:			
Motor vehicles	$ 1,161,946	$ 3,423,908	$ 4,585,854
Machinery and equipment	5,776,165	2,402,606	8,178,771
Less: accumulated depreciation	(4,487,384)	(2,633,777)	(7,121,161)
Total	$ 2,450,727	$ 3,192,737	$ 5,643,464

Pursuant to the terms of the capital lease agreements, the following schedule represents the net present value of these minimum lease payments as of September 30:

Year Ending September 30,	Water and Sewer	Governmental Activities	Total
2019	$ 930,270	$ 837,088	$ 1,767,358
2020	763,740	566,866	1,330,606
2021	201,942	268,739	470,681
2022	91,358	268,777	360,135
2023	-	243,514	243,514
2024-2025	-	442,346	442,346
Total minimum lease payments	1,987,310	2,627,330	4,614,640
Less: amount representing interest	(74,306)	(160,158)	(234,464)
Present value of minimum lease payments	$ 1,913,004	$ 2,467,172	$ 4,380,176

Special Assessment Bonds

Special assessment bonds are used to finance the acquisition and construction of certain improvement projects and related debt issuance reserves and costs pertaining to public improvement districts. These bonds will be repaid from amounts levied against property owners benefitted by this construction. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment bonds. The bonds are secured by and payable from a first lien on and pledge of the Trust Estate. The City is only acting as an agent for the property owners and is in no way liable for repayment. The bonds have a stated rate of interest of 4.90-6.68 percent and are payable over the next 29 years.

	Sale Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding
South	9/18/2017	$ 36,450,000	6.68	9/15/2047	$ 36,450,000
North	3/15/2016	$ 13,515,000	4.90 - 6.00	9/15/2046	$ 8,415,000

Note 10. Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the City purchased commercial insurance from Texas Municipal League (TML), a public entity risk pool, to cover these general liabilities, including worker's compensation. Both TML and the City purchased reinsurance and do not retain the entire risk of loss.

Policy	Retention	Limits of Liability
General Liability	$2,500 per occurrence	$2,000,000 per occurrence and $4,000,000 policy aggregate
Law Enforcement Liability & Errors and Omissions	$10,000 per occurrence	$3,000,000 per occurrence and $6,000,000 policy aggregate
Worker's Compensation	$0 per occurrence	Statutory
Property Loss	$1,000 per occurrence	$103,411,487
Automobile Liability	$2,500 per occurrence	$1,000,000 per occurrence and $25,000 each person
Automobile Physical Damage	$10,000 per occurrence $500 each vehicle	Agreed value as scheduled

The City maintains a self-insurance program for health insurance. Group medical benefits are paid from the Self-Insurance Fund (Internal Service Fund), which has an annually negotiated stop loss provision through United Healthcare. Revenues are recognized from payroll deductions from employee dependent coverage and from City contributions for employee coverage. The liabilities for insurance claims reported in the City's Self-Insurance Fund is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported (IBNR) claims. Change in the fund's claim liability in fiscal year 2018 and 2017 is as follows:

Fund		Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
Self-Insurance	**2018**	$460,143	$4,363,899	$4,386,816	$437,226
Self-Insurance	**2017**	$399,067	$4,886,021	$4,824,945	$460,143

For all insurance categories, there were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Note 11. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2018 is as follows:

	Due to		
	Nonmajor Governmental Funds	Capital Projects Fund	Total
Due from			
General Fund	$ 183,593	$ -	$ 183,593
Nonmajor Governmental Funds	-	26,468	26,468
	$ 183,593	$ 26,468	$ 210,061

Interfund receivables and payables are primarily used to account for cash owed between funds that are expected to be repaid within one year or less.

The detail transfer schedule for the year ended September 30, 2018 was as follows:

Transfers from	Transfer to	Amount	Reason for Transfer
General	Capital projects	$ 1,940,004	Cash fund capital projects
	Debt service	243,990	Debt service payments
	Special Revenue	17,500	Reclass eligible costs
Capital projects	Special Revenue	109,428	Reclass eligible costs
Non-Major Governmental	Water and sewer	946,718	Cash fund capital projects
Water and sewer	General	1,579,420	Franchise fee payments
Drainage	Capital projects	99,996	Cash fund capital projects
		$ 4,937,056	

The City makes transfers between its funds for several reasons. General and administrative (indirect) costs are allocated between operating funds, such as the General Fund and Water and Sewer Fund, to recover overhead and administrative cost of service performed by one fund for the benefit of another. The amounts transferred represent the net balance due between the funds based on the services provided.

A transfer from the Water and Sewer Fund to the General Fund is made for payment in lieu of franchise fees and represents similar charges paid by electric, gas, and cable and telecommunication franchises for use of City rights-of-way. This fee is calculated as 5% of gross revenues less interest earnings. The Refuse Fund transfers funds to cover the cost of alley repairs and improvements to the Capital Projects Fund.

Note 12. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan is administered by ICMA Retirement Corporation (ICMA) and contributions are voluntary. All amounts of compensation under this plan are placed into investment pools administered by ICMA. The plan, available to all regular employees, permits them to defer until future years up to 100% of compensation, not to exceed $18,500 ($24,500 if over age 50) per year. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City has amended its deferred compensation plans to conform with the requirements of subsection (g) of IRC Section 457 making all assets and income of the plans to be held in trust for the exclusive benefit of participants and beneficiaries. In accordance with GASB Statement No. 32, the City's Deferred Compensation Plan is no longer included in the financial statements of the City.

Note 13. Tax Abatement

The City of Rowlett enters into economic development agreements designed to promote development and redevelopment within the City, spur economic development, stimulate commercial activity, generate additional taxes that enhance the property tax base, and provide job opportunities for our citizens. The City's economic development agreements are authorized under Chapter 380 of the Local Government Code and Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive incentives based on employment impact, economic impact or community impact as defined in the City's Policy on Economic Development Incentives. The City Economic Development staff also utilizes a third party software program to measure the economic impact of each project. Each economic development incentive agreement includes performance measures that are required for each recipient to meet and clawback/recapture provisions if such measures are not achieved.

The City has three categories of economic development agreements:

- General Economic Development - The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property tax received by the City; may result in fee reductions or waivers including building inspection fees or impact fees; or may make lump sum grant payments for new jobs, tenant improvements, grease traps, infrastructure improvements, or other expenses. For FY2018 the City of Rowlett rebated $83,741 in taxes.

- Tax Abatements – The City does not currently have any active tax abatement agreements but will consider them on a case-by-case basis for future projects.

- Tax Increment Financing - The City of Rowlett has two active Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payments to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. The City has not made any payments under either TIF District to date.

Note 14. Commitments and Contracts

The City has several long-term agreements with significant commitments as follows:

(a) North Texas Municipal Water District Water Purchase Agreement – The City has a long-term contract with the North Texas Municipal Water District for the purchase of treated water. The original contract for water is dated June 3, 1965, and is for a period of 40 years. An amendatory contract was approved May 3, 1994 to extend the contract for a period of 30 years from the date of this amendment. Over the years, the contract has been amended to provide for additional services as the City has grown. Currently, the City receives water at three take points. For the year ended September 30, 2018, the City contracted for an annual requirement of 3,192,039,000 gallons. The actual amount of water taken was 2,439,095,000 gallons.

(b) City of Garland Sewage Treatment Agreement – The City entered into a contract with the City of Garland for sewage treatment effective April 2, 1991, which was later amended on June 8, 1994. Payments are determined based on actual metered flows into the City of Garland's treatment facility. No minimum payments are required. Rates are reviewed yearly and adjusted under the terms of the contract. The contract is in force until April 1, 2020.

(c) Solid Waste Disposal Contract – In June 2017, the City contracted with FCC to provide collection of refuse and recyclable materials within the corporate limits of the City. The initial contract is for a period of seven years beginning October 1, 2017, and the City shall have the option to renew for three 1 year terms. Either party has the right to terminate the contract in writing. Collection rates may be adjusted yearly based upon the terms of the contract. An administrative fee assessed by the City is retained in the Enterprise Fund as a charge for service.

(d) The City is involved in various claims and litigation arising in the ordinary course of operations, none of which, in the opinion of City officials and management, will have complex material effect on the City's financial position.

(e) The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed cash, if any, would not be material.

(f) As discussed in Note 1, Encumbrances, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	$	642,094
Capital projects fund		2,922,013
Nonmajor governmental funds		195,413
Total governmental	$	3,759,520

Note 15. New Accounting Pronouncements

Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The requirements of this Statement are effective for the current year.

Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The requirements of this Statement are effective for the current year.

Statement No. 81. "Irrevocable Split-Interest Agreements." The requirements of this Statement are effective for the current year.

Statement No. 82. "Pensions Issues - an amendment of GASB Statements No. 67, No. 68, and No. 70." The requirements of this Statement are effective for the current year, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end.

Rowlett
TEXAS

Required
Supplementary Information
(Unaudited)

City of Rowlett, Texas

Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (GAAP Basis) and Actual
General Fund
For The Fiscal Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 22,638,418	$ 22,738,418	$ 23,248,920	$ 510,502
Sales	7,202,060	7,202,060	7,319,051	116,991
Other	96,000	96,000	97,394	1,394
Franchise fees	2,937,140	3,044,035	3,024,858	(19,177)
Licenses and permits	1,063,497	1,063,497	1,262,370	198,873
Charge for services	3,279,942	3,279,942	3,217,544	(62,398)
Fines and forfeitures	926,902	926,902	851,979	(74,923)
Intergovernmental	242,473	242,473	230,644	(11,829)
Intragovernmental	-	-	-	-
Interest	53,800	53,800	174,645	120,845
Miscellaneous	993,630	993,630	1,223,379	229,749
Total revenues	39,433,862	39,640,757	40,650,784	1,010,027
EXPENDITURES				
Current operating:				
General government	3,596,810	4,076,286	3,607,345	468,941
Public safety	21,151,472	21,164,461	21,754,221	(589,760)
Public works	3,250,028	3,033,600	2,523,226	510,374
Culture and recreation	5,277,495	5,278,011	5,052,172	225,839
Community development	3,586,796	3,446,064	3,185,585	260,479
Debt service:				
Principal retirement	837,112	837,112	766,168	70,944
Interest and fiscal charges	-	-	70,920	(70,920)
Capital outlay	171,500	1,013,010	664,005	349,005
Total expenditures	37,871,213	38,848,544	37,623,642	1,224,902
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,562,649	792,213	3,027,142	2,234,929
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,534,217	1,534,217	1,579,420	45,203
Transfers to other funds	(2,851,490)	(2,201,494)	(2,201,494)	-
Proceeds from sale of assets	-	-	32,827	32,827
Total other financing sources (uses)	(1,317,273)	(667,277)	(589,247)	78,030
CHANGE IN FUND BALANCE	245,376	124,936	2,437,895	2,312,959
TOTAL FUND BALANCE, BEGINNING	8,786,242	8,786,242	8,786,242	-
TOTAL FUND BALANCE, ENDING	$ 9,031,618	$ 8,911,178	$ 11,224,137	$ 2,312,959

City of Rowlett, Texas

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
For the Fiscal Year Ended September 30, 2018

	2014*	2015*	2016*	2017*
Total pension liability				
Service cost	$ 3,106,700	$ 3,555,319	$ 3,690,762	$ 3,927,237
Interest (on the total pension liability)	6,620,134	7,030,685	7,372,900	7,871,621
Changes in benefit terms	-	-	-	-
Difference in expected and actual experience	(1,127,265)	253,140	71,676	221,315
Change in assumptions	-	1,366,618	-	-
Benefit payments, including refunds of employee contributions	(2,737,302)	(3,180,434)	(3,786,938)	(3,943,302)
Net change in total pension liability	5,862,267	9,025,328	7,348,400	8,076,871
Total pension liability, beginning of year	94,388,644	100,250,911	109,276,239	116,624,639
Total pension liability, ending of year	$ 100,250,911	$ 109,276,239	$ 116,624,639	$ 124,701,510
Plan fiduciary net position				
Contributions -employer	$ 2,683,946	$ 2,843,382	$ 2,763,065	$ 3,084,838
Contributions -employee	1,398,930	1,524,019	1,557,284	1,661,067
Net investment income	4,970,464	137,446	6,379,417	14,029,963
Benefit payments, including refunds of employee contributions	(2,737,302)	(3,180,434)	(3,786,938)	(3,943,302)
Administrative expense	(51,890)	(83,712)	(72,034)	(72,699)
Other	(4,266)	(4,134)	(3,881)	(3,684)
Net change in plan fiduciary net position	6,259,882	1,236,567	6,836,913	14,756,183
Plan fiduciary net position - beginning	86,881,077	93,140,959	94,377,526	101,214,439
Plan fiduciary net position - ending	$ 93,140,959	$ 94,377,526	$ 101,214,439	$ 115,970,622
Net pension liability - ending	$ 7,109,952	$ 14,898,713	$ 15,410,200	$ 8,730,888
Plan fiduciary net position as a % of total pension liability	92.91%	86.37%	86.79%	93.00%
Covered payroll	$ 19,984,712	$ 21,771,702	$ 22,246,910	$ 23,729,529
Net pension liability as a % of covered employee payroll	35.58%	68.43%	69.27%	36.79%

* As of December 31 - Measurement Date

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Contributions
For the Fiscal Year Ended September 30, 2018

	2015*	2016*	2017*	2018*
Actuarially determined contributions	$ 2,852,497	$ 2,821,242	$ 2,973,731	$ 3,286,439
Actual contributions	(2,852,497)	(2,821,242)	(2,973,731)	(3,286,439)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -
City covered payroll	$ 21,685,946	$ 22,428,002	$ 23,115,523	$ 25,162,426
Ratio of actual contributions to covered payroll amount	13.15%	12.58%	12.86%	13.06%

* As of September 30 - Fiscal Year

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information There were no benefit changes during the year.

City of Rowlett, Texas

Other Post-Employment Benefits –
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Fiscal Year Ended September 30, 2018

Measurement period ending December 31,	2017*
Total OPEB liability	
Service cost	$ 161,071
Interest on the total OPEB liability	235,666
Changes in benefit terms	-
Difference in expected and actual experience	-
Change in assumptions	-
Benefit payments	(181,655)
Net change in total OPEB liability	215,082
Total OPEB liability, beginning of year	3,501,633
Total OPEB liability, ending of year	$ 3,716,715
Plan fiduciary net position	
Employer contributions	$ 219,240
OPEB plan net investment income	45,384
Benefit payments	(181,655)
OPEB plan administrative expense	(2,098)
Other	-
Net change in plan fiduciary net position	80,871
Plan fiduciary net position - beginning	348,625
Plan fiduciary net position - ending	$ 429,496
Net OPEB liability - ending	$ 3,287,219
Plan fiduciary net position as a % of total pension liability	11.56%
Covered payroll	$ 23,729,529
Net pension liability as a % of covered employee payroll	13.85%

* As of December 31 - Measurement Date

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Rowlett, Texas

Other Post-Employment Benefits – Schedule of Contributions

For the Fiscal Year Ended September 30, 2018

	2018*
Actuarially determined contributions	$ 354,221
Actual contributions	(126,473)
Contributions deficiency (excess)	$ 227,748
City covered payroll	$ 25,162,426
Ratio of actual contributions to covered payroll amount	0.50%

* As of September 30 - Fiscal Year

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date December 31, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry-Age
Amortization Method	Level percentage of pay
Payroll Growth Assumption	1.5% per year
Amortization Period	23 years, as of FYE18
Asset Valuation	Market value
Investment Rate of Return	6.75%, net of investment expenses, including inflation
Inflation	2.5%
Salary Increases	3.5% to 10.5%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Participation Rates	Rates of 85% during the funded period, and 20% after the funded period.
Healthcare Cost Trend Rates	Initial rates of 7.30% declining to ultimate rates of 5.00% after 11 years.

1. Basis of Budgeting

The Budgetary Comparison Schedule, included in Required Supplemental Schedules, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted. This schedule utilizes the same basis of accounting for both budgetary purposes and actual results.

Rowlett
TEXAS

Other Supplementary Information

City of Rowlett, Texas
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 9,255,384	$ 9,255,384	$ 9,530,994	$ 275,610
Interest	10,000	10,000	20,730	10,730
Total revenues	9,265,384	9,265,384	9,551,724	286,340
EXPENDITURES				
Current operating:				
General government	85,000	85,000	74,384	10,616
Debt service:				
Principal retirement	6,948,325	6,948,325	6,948,065	260
Interest and fiscal charges	2,659,606	2,659,607	2,657,241	2,366
Total expenditures	9,692,931	9,692,932	9,679,690	13,242
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(427,547)	(427,548)	(127,966)	299,582
OTHER FINANCING SOURCES				
Transfers in	243,990	243,990	243,990	-
Total other financing sources	243,990	243,990	243,990	-
CHANGE IN FUND BALANCES	(183,557)	(183,558)	116,024	299,582
FUND BALANCES, BEGINNING	556,438	556,438	556,438	-
FUND BALANCES, ENDING	$ 372,881	$ 372,880	$ 672,462	$ 299,582

City of Rowlett, Texas

Description of Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. Individual funds maintained are as follows:

Impact Fees Fund – to account for street impact and park prorata fees on new development. These funds are restricted to capital improvements included in an approved plan, developer refund and/or incentives, and impact fee study expenses.

Police Seizure Fund – to account for funds awarded as a result of court forfeitures of contraband pursuant to the Texas Code of Criminal Procedure. The law provides for a special fund to be established and to be used solely for law enforcement purposes.

Traffic Safety Fund – to account for revenues and expenditures related to red light camera fines. The revenues may be disbursed only as established by law, for the costs of operating the program, then to be split between the State of Texas and the City of Rowlett for traffic safety purposes.

Court Fees Fund – to account for revenue generated on court fines for the purpose of paying salary and benefits for a juvenile case manager, acquiring qualifying technology for the municipal court, and for the purpose of providing security services for the municipal court, as allowed under Article 102 of the Texas Code of Criminal Procedure.

Grant Fund – to account for funds awarded to the City by various federal or state agencies. This fund includes funds granted to the City by the U.S. Department of Housing and Urban Development (HUD) under their community development block grant (CDBG) programs, other public safety grants, and library grants.

TIF Fund – to account for property taxes on improvements in the City's Tax – Increment Financing Reinvestment Zone Number One, Two, and Three. These funds may only be used for capital improvements within the designated zone.

Disaster Fund – to account for revenues and expenditures related to unexpected natural disasters.

PID Fund – to account for the activity of the Public Improvement District created by the City.

Other Special Revenue Fund – to account for funds received from a tax on the cost of occupancy in hotels and motels within the City limits of Rowlett and revenues received for public access television (PEG fees). The hotel/motel tax funds may only be utilized to promote tourism and the convention and hotel industry. The PEG fees collected may only be utilized for the operation of public, educational, and government access channels.

City of Rowlett, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue		
	Impact Fees	Police Seizure	Traffic Safety
ASSETS			
Cash, cash equivalents and investments	$ 4,645,015	$ 151,057	$ -
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accrued interest	3,522	-	-
Other	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Prepaid and other items	-	4,779	-
Total assets	$ 4,648,537	$ 155,836	$ -
LIABILITIES			
Accounts payable	9,975	1,283	-
Retainage payable	21,940	-	-
Accrued liabilities	-	15,200	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total liabilities	31,915	16,483	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - other (court fines)	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Restricted for:			
Capital projects	4,616,622	-	-
Public safety	-	139,353	-
Community development	-	-	-
Public broadcasting	-	-	-
Unassigned	-	-	-
Total fund balances	4,616,622	139,353	-
Total liabilities and fund balances	$ 4,648,537	$ 155,836	$ -

Special Revenue						Total Governmental Funds
Court Fees	Grant	TIF	Disaster	PID	Other	
$ 192,275	$ -	$ 42,355	$ -	$ 5,518	$ 506,078	$ 5,542,298
-	-	-	-	-	13,431	13,431
162	-	26	-	-	416	4,126
673	-	-	-	-	37,494	38,167
-	247,884	-	-	-	-	247,884
-	-	-	26,468	-	-	26,468
85	-	-	-	-	4,228	9,092
$ 193,195	$ 247,884	$ 42,381	$ 26,468	$ 5,518	$ 561,647	$ 5,881,466
-	2,167	-	26,468	-	-	39,893
-	21,006	-	-	-	-	42,946
2,206	12,994	-	-	-	-	30,400
-	26,484	-	-	5,518	-	32,002
-	183,593	-	-	-	-	183,593
2,206	246,244	-	26,468	5,518	-	328,834
-	132,222	-	-	-	-	132,222
673	-	-	-	-	-	673
673	132,222	-	-	-	-	132,895
-	-	57,781	-	-	-	4,674,403
190,316	-	-	-	-	-	329,669
-	-	-	-	-	42,296	42,296
-	-	-	-	-	519,351	519,351
-	(130,582)	(15,400)	-	-	-	(145,982)
190,316	(130,582)	42,381	-	-	561,647	5,419,737
$ 193,195	$ 247,884	$ 42,381	$ 26,468	$ 5,518	$ 561,647	$ 5,881,466

City of Rowlett, Texas

Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2018

	Special Revenue		
	Impact Fees	Police Seizure	Traffic Safety
REVENUES			
Taxes:			
Property taxes	$ -	$ -	$ -
Other	-	-	-
Franchise fees	-	-	-
License and permits	1,750,103	-	-
Fines and forfeitures	-	146,537	-
Intergovernmental	-	-	-
Interest	51,860	-	-
Miscellaneous	-	-	-
Total revenues	1,801,963	146,537	-
EXPENDITURES			
Current operating:			
General government	-	-	-
Public safety	-	212,768	-
Public works	-	-	-
Culture and recreation	34,894	-	-
Capital outlay	296,751	53,626	-
Total expenditures	331,645	266,394	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,470,318	(119,857)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	1,470,318	(119,857)	-
FUND BALANCES, BEGINNING	3,146,304	259,210	-
FUND BALANCES, ENDING	$ 4,616,622	$ 139,353	$ -

Special Revenue						Total
Court Fees	Grant	TIF	Disaster	PID	Other	Governmental Funds
$ -	$ -	$ 57,483	$ -	$ -	$ -	$ 57,483
-	-	-	-	-	84,717	84,717
-	-	-	-	-	156,150	156,150
-	-	-	-	-	-	1,750,103
83,391	-	-	-	-	-	229,928
-	867,192	-	-	-	-	867,192
2,121	-	679	-	-	5,414	60,074
-	-	-	946,719	-	-	946,719
85,512	867,192	58,162	946,719	-	246,281	4,152,366
-	-	281	31,008	-	140,476	171,765
82,599	495,817	-	-	-	-	791,184
-	216,923	-	-	-	-	216,923
-	21,086	-	-	-	-	55,980
-	10,182	-	36,781	-	-	397,340
82,599	744,008	281	67,789	-	140,476	1,633,192
2,913	123,184	57,881	878,930	-	105,805	2,519,174
17,500	-	-	109,428	-	-	126,928
-	-	-	(946,718)	-	-	(946,718)
17,500	-	-	(837,290)	-	-	(819,790)
20,413	123,184	57,881	41,640	-	105,805	1,699,384
169,903	(253,766)	(15,500)	(41,640)	-	455,842	3,720,353
$ 190,316	$ (130,582)	$ 42,381	$ -	$ -	$ 561,647	$ 5,419,737

Rowlett
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Statistical Section
(Unaudited)

Rowlett
TEXAS

Statistical Section
(Unaudited)

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

Tables

Financial Trends
These schedules contain trend information to help the reader understand how financial performance and well-being have changed over time. 1-4

Revenue Capacity
These schedules contain trend information to help the reader access the City's most significant local revenue source, the property tax. 5-9

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 10-14

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 15-16

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 17-19

City of Rowlett, Texas

Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Accrual Basis Of Accounting)

	Fiscal Year			
	2018	2017	2016	2015
Governmental activities:				
Net investment in capital assets	$ 57,007,151	$ 56,614,842	$ 49,737,154	$ 49,251,730
Restricted	5,322,284	3,371,581	2,814,485	3,427,940
Unrestricted	4,514,498	4,926,152	3,122,284	1,526,343
Total governmental activities net position	$ 66,843,933	$ 64,912,575	$ 55,673,923	$ 54,206,013
Business-type activities:				
Net investment in capital assets	$ 75,255,958	$ 72,739,710	$ 67,798,118	$ 65,405,576
Restricted	3,799,689	3,734,307	3,841,031	2,392,009
Unrestricted	13,948,336	11,050,293	9,414,010	6,802,140
Total business-type activities net position	$ 93,003,983	$ 87,524,310	$ 81,053,159	$ 74,599,725
Primary government:				
Net investment in capital assets	$ 132,263,109	$ 129,354,552	$ 117,535,272	$ 114,657,306
Restricted	9,121,973	7,105,888	6,655,516	5,819,949
Unrestricted	18,462,834	15,976,445	12,536,294	8,328,483
Total primary government net position	$ 159,847,916	$ 152,436,885	$ 136,727,082	$ 128,805,738

Source: City of Rowlett - Comprehensive Annual Financial Reports

Table 1

Fiscal Year					
2014	2013	2012	2011	2010	2009
$ 47,572,344	$ 38,863,695	$ 31,916,791	$ 32,374,952	$ 33,070,231	$ 33,707,411
3,385,346	9,137,747	9,171,293	4,746,923	1,148,213	910,428
3,796,330	5,469,081	5,462,517	6,506,992	7,989,091	7,593,223
$ 54,754,020	$ 53,470,523	$ 46,550,601	$ 43,628,867	$ 42,207,535	$ 42,211,062
$ 64,531,695	$ 63,171,705	$ 62,576,970	$ 63,268,379	$ 64,417,014	$ 65,576,708
2,093,242	2,197,202	2,327,961	3,225,296	3,156,935	3,136,923
5,415,474	8,162,875	7,460,914	6,882,557	5,452,189	6,518,292
$ 72,040,411	$ 73,531,782	$ 72,365,845	$ 73,376,232	$ 73,026,138	$ 75,231,923
$ 112,104,039	$ 102,035,400	$ 94,493,761	$ 95,643,331	$ 97,487,245	$ 99,284,119
5,478,588	11,334,949	11,499,254	7,972,219	4,305,148	4,047,351
9,211,804	13,631,956	12,923,431	13,389,549	13,441,280	14,111,515
$ 126,794,431	$ 127,002,305	$ 118,916,446	$ 117,005,099	$ 115,233,673	$ 117,442,985

City of Rowlett, Texas
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Accrual Basis Of Accounting)

	Fiscal Year			
Expenses	**2018**	**2017**	**2016**	**2015**
Governmental activities:				
General government	$ 4,488,176	$ 4,009,554	$ 8,661,210	$ 3,812,283
Public safety	24,585,595	23,615,382	23,496,850	21,682,963
Public works	12,549,250	10,948,955	10,171,825	12,001,156
Culture and recreation	5,923,484	5,689,940	5,517,845	5,210,607
Community Development	3,263,380	3,531,966	2,364,074	1,586,203
Interest and fiscal charges	2,646,178	2,313,657	2,312,864	2,731,650
Total governmental activities	53,456,063	50,109,454	52,524,668	47,024,862
Business-type activities:				
Water and sewer	28,467,611	24,873,275	25,018,832	22,361,784
Refuse	5,747,436	3,997,901	3,835,050	3,782,412
Drainage	1,674,868	1,856,605	1,780,188	2,008,406
Total business-type activities	35,889,915	30,727,781	30,634,070	28,152,602
Total primary government expenses	$ 89,345,978	$ 80,837,235	$ 83,158,738	$ 75,177,464
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 65,207	$ 57,609	$ 27,250	$ 36,452
Public safety	2,494,684	2,310,649	2,923,557	2,736,415
Public works	2,565,725	1,018,438	958,097	1,520,964
Culture and recreation	921,069	1,021,800	925,832	948,832
Community Development	1,998,492	2,130,381	1,706,037	1,229,248
Operating grants and contributions	543,883	1,135,141	2,035,858	520,843
Capital grants and contributions	1,567,932	7,722,894	1,851,705	1,715,530
Total governmental activities program revenues	10,156,992	15,396,912	10,428,336	8,708,284
Business-type activities:				
Charges for services:				
Water and sewer	31,574,148	27,688,606	26,561,193	26,596,651
Refuse	5,728,612	5,139,251	4,911,283	4,903,537
Drainage	1,380,266	1,356,154	1,320,362	1,337,982
Capital grants and contributions	2,952,879	5,101,806	7,202,846	2,723,019
Total business-type activities program revenues	41,635,905	39,285,817	39,995,684	35,561,189
Total primary government revenues	$ 51,792,897	$ 54,682,729	$ 50,424,020	$ 44,269,473
Net (expense)/revenue				
Governmental activities	$ (43,299,071)	$ (34,712,542)	$ (42,096,332)	$ (38,316,578)
Business-type activities	5,745,990	8,558,036	9,361,614	7,408,587
Total primary government net expense	$ (37,553,081)	$ (26,154,506)	$ (32,734,718)	$ (30,907,991)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 32,851,565	$ 29,725,260	$ 27,486,731	$ 25,608,764
Sales taxes	7,319,051	6,869,068	6,705,320	5,995,488
Other	182,111	185,868	175,204	146,741
Franchise fees	3,188,420	3,005,412	3,145,738	3,344,410
Investment earnings	583,909	236,481	141,019	66,264
Gain on sale/retirement of capital assets	-	-	-	779,237
Miscellaneous	2,173,698	1,447,744	2,556,794	1,229,112
Transfers (net)	362,160	2,481,361	3,353,436	4,441,008
Total governmental activities	46,660,914	43,951,194	43,564,242	41,611,024
Business-type activities:				
Investment earnings	169,469	58,485	60,724	71,562
Gain on sale/retirement of capital assets	14,245	64,273	371,220	-
Miscellaneous	16,535	271,718	13,312	(114,908)
Transfers (net)	(362,160)	(2,481,361)	(3,353,436)	(4,441,008)
Total business-type activities	(161,911)	(2,086,885)	(2,908,180)	(4,484,354)
Total primary government	$ 46,499,003	$ 41,864,309	$ 40,656,062	$ 37,126,670
Changes in Net Position				
Governmental activities	$ 3,361,843	$ 9,238,652	$ 1,467,910	$ 3,294,446
Business-type activities	5,584,079	6,471,151	6,453,434	2,924,233
Total primary government	$ 8,945,922	$ 15,709,803	$ 7,921,344	$ 6,218,679

Source: City of Rowlett - Comprehensive Annual Financial Reports

Fiscal Year					
2014	**2013**	**2012**	**2011**	**2010**	**2009**
$ 3,743,246	$ 3,079,438	$ 4,274,638	$ 5,043,354	$ 4,812,456	$ 5,235,080
20,994,087	19,791,298	20,456,358	20,077,172	20,243,476	19,372,690
12,040,271	11,690,444	13,472,469	12,320,408	12,747,289	12,719,561
5,152,775	5,100,405	4,975,355	4,796,472	5,138,905	4,926,422
1,230,969	1,183,670	881,385	726,014	844,980	1,219,772
3,407,157	2,848,832	2,888,071	3,445,261	3,562,170	4,088,968
46,568,505	43,694,087	46,948,276	46,408,681	47,349,276	47,562,493
23,176,635	21,215,288	20,275,313	19,715,254	19,292,984	18,502,215
3,986,352	3,640,452	3,316,080	3,280,511	2,676,412	1,607,736
1,980,987	1,865,797	2,091,605	1,669,999	3,242,101	3,286,924
29,143,974	26,721,537	25,682,998	24,665,764	25,211,497	23,396,875
$ 75,712,479	$ 70,415,624	$ 72,631,274	$ 71,074,445	$ 72,560,773	$ 70,959,368
$ 56,240	$ 90,267	$ 99,370	$ 617,922	$ 135,922	$ 99,906
2,887,395	3,058,323	3,205,317	1,808,112	3,959,096	3,466,449
495,015	341,707	285,290	116,950	20,962	87,594
915,945	958,111	871,538	2,659,906	1,588,866	1,627,643
977,198	860,925	641,890	565,001	386,696	504,544
418,983	817,022	901,055	963,803	484,634	347,925
3,878,487	6,735,636	6,748,657	2,687,884	1,532,660	175,032
9,629,263	12,861,991	12,753,117	9,419,578	8,108,836	6,309,093
24,659,862	25,341,837	22,507,769	23,592,840	21,550,266	20,570,813
5,081,709	4,681,715	4,484,110	4,457,857	1,361,162	1,276,659
1,331,572	1,328,989	1,300,878	1,301,172	4,484,338	4,493,083
621,061	938,393	145,204	560,473	20,612	63,966
31,694,204	32,290,934	28,437,961	29,912,342	27,416,378	26,404,521
$ 41,323,467	$ 45,152,925	$ 41,191,078	$ 39,331,920	$ 35,525,214	$ 32,713,614
$ (36,939,242)	$ (30,832,096)	$ (34,195,159)	$ (36,989,103)	$ (39,240,440)	$ (41,253,400)
2,550,230	5,569,397	2,754,963	5,246,578	2,204,881	3,007,646
$ (34,389,012)	$ (25,262,699)	$ (31,440,196)	$ (31,742,525)	$ (37,035,559)	$ (38,245,754)
$ 23,307,395	$ 23,290,763	$ 23,805,465	$ 23,967,737	$ 24,649,815	$ 25,255,663
5,652,848	5,386,679	4,894,006	5,767,527	6,228,228	5,666,751
130,138	112,300	48,186	124,748	59,934	110,778
3,126,943	3,010,969	3,127,383	3,214,049	2,767,064	2,881,223
57,205	44,492	76,604	165,926	231,809	702,090
-	-	-	-	-	-
1,582,041	1,458,515	1,248,881	171,306	674,907	633,877
4,366,169	4,448,300	3,916,368	4,999,142	4,625,155	929,213
38,222,739	37,752,018	37,116,893	38,410,435	39,236,912	36,179,595
61,476	24,148	53,767	102,658	214,489	746,997
	-	-	-	-	-
263,092	20,692	97,251	-	-	-
(4,366,169)	(4,448,300)	(3,916,368)	(4,999,142)	(4,625,155)	(929,213)
(4,041,601)	(4,403,460)	(3,765,350)	(4,896,484)	(4,410,666)	(182,216)
$ 34,181,138	$ 33,348,558	$ 33,351,543	$ 33,513,951	$ 34,826,246	$ 35,997,379
$ 1,283,497	$ 6,919,922	$ 2,921,734	$ 1,421,332	$ (3,528)	$ (5,073,805)
(1,491,371)	1,165,937	(1,010,387)	350,094	(2,205,785)	2,825,430
$ (207,874)	$ 8,085,859	$ 1,911,347	$ 1,771,426	$ (2,209,313)	$ (2,248,375)

City of Rowlett, Texas

Fund Balances Of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
General fund					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-	-
Nonspendable:					
Inventories	51,338	65,823	69,008	87,466	47,986
Prepaid items	98,171	73,499	85,300	50,394	55,242
Restricted for:					
Capital projects	-	48,753	90,720	419,332	1,791,258
Assigned for:					
Economic development	993,769	803,104	802,739	877,378	302,712
Capital acquisition	2,010	1,987	16,463	88,910	107,488
Unassigned	10,078,849	7,793,076	6,845,704	5,624,402	5,473,122
Total general fund	$ 11,224,137	$ 8,786,242	$ 7,909,934	$ 7,147,882	$ 7,777,808
All other governmental funds					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable:					
Inventories	50,452	43,479	57,060	84,105	79,515
Prepaid items	1,700	11,641	493	9,549	14,336
Restricted for:					
Debt service	670,762	548,037	30,018	990,821	478,102
Capital projects	39,785,516	23,777,330	16,713,319	13,635,339	6,782,080
Public safety	329,669	425,873	457,709	627,877	1,156,528
Economic development	42,296	71,121	82,140	12,012	6,934
Public broadcasting	519,351	384,721	299,470	246,895	124,213
Assigned for:					
Capital acquisition	6,515,766	7,485,985	4,573,534	2,009,791	-
Unassigned	(145,982)	(310,906)	(485,078)	-	(519,010)
Total all other governmental funds	$ 47,769,530	$ 32,437,281	$ 21,728,665	$ 17,616,389	$ 8,122,698

Note: The City adopted GASB Statement No. 54 which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.
Source: City of Rowlett - Comprehensive Annual Financial Reports

Table 3

Fiscal Year				
2013	**2012**	**2011**	**2010**	**2009**
$ -	$ -	$ -	$ 725,269	$ 432,360
-	-	-	6,752,718	4,846,923
54,199	146,989	86,016	-	-
64,737	15,700	73,555	-	-
321,096	280,356	716,031	-	-
305,589	352,188	224,092	-	-
364,692	381,605	1,163,159	-	-
6,065,516	6,305,245	6,681,091	-	-
$ 7,175,829	$ 7,482,083	$ 8,943,944	$ 7,477,987	$ 5,279,283
$ -	$ -	$ -	$ 16,052,328	$ 20,479,526
-	-	-	369,311	1,682,678
-	-	-	-	-
64,582	-	-	-	-
10,775	1,562	12,805	-	-
443,330	363,265	281,278	-	-
5,493,204	1,729,546	80,317	-	-
1,551,418	1,014,867	1,075,494	-	-
6,934	20,518	17,751	-	-
70,402	56,776	32,216	-	-
1,443,519	5,887,781	12,654,001	-	-
(115,543)	(3,698)	(107,126)	-	-
$ 8,968,621	$ 9,070,617	$ 14,046,736	$ 16,421,639	$ 22,162,204

City of Rowlett, Texas

Changes in Fund Balances of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Taxes	$ 40,338,559	$ 36,836,304	$ 34,354,402	$ 31,785,463	$ 29,122,683
Franchise fees	3,181,008	3,008,801	3,150,502	3,352,512	3,131,069
Licenses and permits	3,012,473	2,180,112	2,222,024	2,467,573	1,144,653
Charges for services	4,033,166	3,553,951	3,007,143	2,784,430	2,612,512
Contributions	-	-	-	-	2,112,775
Fines and forfeitures	1,081,907	1,121,136	1,050,809	1,172,498	1,514,717
Intergovernmental	1,689,155	1,583,623	2,324,036	2,670,203	2,059,376
Interest	583,909	236,481	141,019	66,264	57,205
Miscellaneous	2,173,698	1,447,744	2,556,794	1,256,642	1,591,500
Total revenues	56,093,875	49,968,152	48,806,729	45,555,585	43,346,490
Expenditures					
General government	3,853,494	4,503,017	6,625,996	3,581,688	3,420,425
Public safety	22,545,405	20,747,659	21,328,195	21,164,943	19,719,083
Public works	6,704,659	5,078,766	4,145,778	6,532,713	6,652,769
Culture and recreation	5,108,152	4,819,880	4,717,532	4,619,286	4,413,902
Development	3,185,585	3,260,438	2,154,699	1,584,360	1,227,382
Debt service:					
Principal	7,714,233	7,271,177	7,274,521	6,115,861	6,048,669
Interest	2,728,161	2,638,549	2,640,705	2,400,844	2,408,591
Other charges	345,280	176,721	187,709	376,743	231,474
Capital outlay	8,973,985	5,156,259	6,185,708	9,107,057	3,573,867
Total expenditures	61,158,954	53,652,466	55,260,843	55,483,495	47,696,162
Excess (deficiency) of revenues over (under) expenditures	(5,065,079)	(3,684,314)	(6,454,114)	(9,927,910)	(4,349,672)
Other Financing Sources/(Uses)					
Capital leases	-	-	165,354	2,141,763	1,959,204
Issuance of refunding bonds	-	-	-	19,392,950	11,135,000
Issuance of bonds	21,055,000	10,930,000	6,990,000	11,302,050	-
Premiums on bonds issued	1,014,698	440,012	810,957	3,506,264	592,013
Payments to refunding bond escrow agent	-	-	-	(22,661,960)	(13,946,658)
Proceeds from sale of assets	32,827	1,417,865	8,695	669,600	-
Transfers in	3,990,338	6,289,252	5,980,852	6,093,515	6,302,791
Transfers out	(3,257,640)	(3,807,891)	(2,627,416)	(1,652,507)	(1,936,622)
Total other financing sources/(uses)	22,835,223	15,269,238	11,328,442	18,791,675	4,105,728
Net change in fund balances	$ 17,770,144	$ 11,584,924	$ 4,874,328	$ 8,863,765	$ (243,944)
Debt service as a percentage of noncapital expenditures	20.0%	20.4%	20.2%	18.4%	19.2%

Source: City of Rowlett - Comprehensive Annual Financial Reports

Fiscal Year				
2013	**2012**	**2011**	**2010**	**2009**
$ 28,773,383	$ 28,781,463	$ 30,131,107	$ 30,966,183	$ 30,906,010
2,991,209	3,094,707	3,304,363	3,015,465	2,999,281
807,860	687,352	438,334	391,228	499,979
2,644,415	2,291,101	2,748,494	2,823,756	2,889,691
-	-	-	-	-
2,158,683	1,896,301	2,304,857	2,820,913	2,339,835
6,929,459	6,589,471	2,275,536	1,967,802	381,153
44,492	76,604	165,926	231,809	702,090
1,423,074	1,208,363	790,619	674,907	633,877
45,772,575	44,625,362	42,159,236	42,892,063	41,351,916
2,641,269	3,003,607	4,380,262	4,471,479	4,047,850
18,619,438	19,159,506	18,791,928	18,692,849	17,910,586
5,936,101	7,599,093	7,246,641	5,592,114	7,789,807
4,282,981	4,175,458	3,931,809	4,272,737	4,151,303
1,128,814	840,833	672,775	808,218	1,151,720
6,202,352	6,208,605	5,940,534	5,432,452	5,551,999
2,834,256	2,903,106	3,370,147	3,507,444	4,044,879
-	222,800	-	207,999	-
9,552,274	11,316,999	4,424,499	9,868,151	7,858,484
51,197,485	55,430,007	48,758,595	52,853,443	52,506,628
(5,424,910)	(10,804,645)	(6,599,359)	(9,961,380)	(11,154,712)
1,130,985	351,152	1,202,602	987,080	152,925
-	14,131,149	-	12,000,000	-
-	-	-	-	-
-	1,383,000	-	440,175	-
-	(15,416,504)	-	(12,455,399)	-
-	1,500	-	-	-
5,895,107	5,729,583	6,446,101	7,595,086	7,271,747
(2,009,432)	(1,813,215)	(1,958,290)	(2,147,423)	(2,485,272)
5,016,660	4,366,665	5,690,413	6,419,519	4,939,400
$ (408,250)	$ (6,437,980)	$ (908,946)	$ (3,541,861)	$ (6,215,312)
21.7%	20.7%	21.0%	20.8%	21.5%

Table 5

City of Rowlett, Texas

General Governmental Tax Revenue by Source (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis)

Fiscal Year	Property Tax	Sales Tax	Other	Total
2009	$ 25,027,004	$ 5,666,750	$ 110,779	$ 30,804,533
2010	24,639,903	6,228,228	98,052	30,966,183
2011	24,238,832	5,767,527	124,749	30,131,108
2012	23,492,921	4,894,006	103,581	28,490,508
2013	23,274,404	5,386,680	112,300	28,773,384
2014	23,339,695	5,652,848	130,138	29,122,681
2015	25,643,234	5,995,488	146,739	31,785,461
2016	27,473,878	6,705,320	175,204	34,354,402
2017	29,781,368	6,869,068	185,868	36,836,304
2018	32,837,397	7,319,051	182,111	40,338,559

Source: City of Rowlett - Finance Department

Table 6

City of Rowlett, Texas

Assessed Value And Estimated Actual Value
Of Taxable Property (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	$ 3,562,876,777	$ 178,689,105	$ 373,073,104	$ 3,368,492,778	0.74717
2010	3,522,255,306	177,752,490	414,294,585	3,285,713,211	0.74717
2011	3,447,524,437	174,055,050	401,314,296	3,220,265,191	0.74717
2012	3,407,215,429	171,045,280	406,361,093	3,171,899,616	0.74717
2013	3,373,736,207	176,427,230	425,321,487	3,124,841,950	0.74717
2014	3,383,659,486	176,507,810	443,668,413	3,116,498,883	0.74717
2015	3,565,803,997	185,318,990	465,920,605	3,285,202,382	0.78717
2016	3,846,233,547	185,674,030	444,452,200	3,587,455,377	0.78717
2017	4,304,356,460	194,001,341	563,443,777	3,934,914,024	0.78717
2018	4,805,306,971	192,345,557	613,501,169	4,384,151,359	0.77717

Source: Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District

City of Rowlett, Texas

Property Tax Rates
Direct and Overlapping Governments (Unaudited)
Last Ten Fiscal Years

				Overlapping Rates [1]				
				Dallas County Properties				
	City of Rowlett Direct Rates							
Fiscal Year	General Fund	Debt Service Fund	Total City	Dallas County	Dallas County Hospital District	Dallas County Community College District	Garland Independent School District	Total Direct & Overlapping Rates
2018	0.55119	0.22598	0.77717	0.25310	0.27940	0.12424	1.46000	2.89391
2017	0.55117	0.23600	0.78717	0.25237	0.27940	0.12293	1.46000	2.90187
2016	0.57792	0.20925	0.78717	0.25310	0.28600	0.12365	1.35330	2.80322
2015	0.54977	0.23740	0.78717	0.25310	0.28600	0.12478	1.25330	2.70435
2014	0.50477	0.24240	0.74717	0.25310	0.27600	0.12470	1.25330	2.65427
2013	0.49267	0.25450	0.74717	0.25304	0.27100	0.11938	1.25330	2.64389
2012	0.49083	0.25634	0.74717	0.24310	0.27100	0.09967	1.25330	2.61424
2011	0.49467	0.25250	0.74717	0.24310	0.27100	0.09923	1.25330	2.61380
2010	0.50202	0.24515	0.74717	0.22810	0.27400	0.09490	1.25330	2.59747
2009	0.49467	0.25250	0.74717	0.22810	0.25400	0.08940	1.25330	2.57197

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Rowlett. A typical property tax bill would consist of the City, School District, and County taxes; residents within the City of Rowlett are divided between Dallas and Rockwall counties.

Source: City of Rowlett - Finance Department / Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Rockwall County Properties		
Rockwall County	Rockwall Independent School District	Total Direct & Overlapping Rates
0.349800	1.44000	2.56697
0.375900	1.46500	2.62807
0.395900	1.44000	2.62307
0.395900	1.46000	2.64307
0.395900	1.46000	2.60307
0.386400	1.47000	2.60357
0.386400	1.47000	2.60357
0.386400	1.47000	2.60357
0.375000	1.47000	2.59217
0.375000	1.47000	2.59217

City of Rowlett, Texas

Principal Property Taxpayers (Unaudited)
Current Year and Nine Years Ago

Taxpayer	2018 Taxable Assessed Value	Rank	2018 Percentage of Total Taxable Assessed Value
Terra Lago Apartments LLC	$ 41,218,530	1	0.94%
Lake Pointe Medical Center	32,979,150	2	0.75%
HC Harmony Hill LLC	28,926,830	3	0.66%
Oncor Electric Delivery	28,485,162	4	0.65%
IC Village of Rowlett LP	25,055,590	5	0.57%
Wal Mart Stores Inc	20,740,450	6	0.47%
Bayside Land Partners LLC	19,668,382	7	0.45%
ARC LCROWTX001 LLC	14,547,940	8	0.33%
Target Corporation	12,576,760	9	0.29%
Frontier Communications	10,842,230	10	0.25%
	$ 235,041,024		5.36%

Source: Dallas County Tax Office

Taxpayer	2009 Taxable Assessed Value	Rank	2009 Percentage of Total Taxable Assessed Value
Lake Pointe Medical Center	$ 46,487,200	1	1.41%
Oncor Electric /Texas Utilities	26,800,780	2	0.82%
Wal Mart	20,303,560	3	0.62%
Verizon	19,212,890	4	0.58%
Target Corporation	17,450,510	5	0.53%
Home Depot USA Inc	12,126,670	6	0.37%
Gemni Rowlett Crossing LP	9,446,751	7	0.29%
Acme Realty Plaza 71 Ltd	8,013,620	8	0.24%
NWC Liberty Grove & SH66	7,677,970	9	0.23%
Safeway Inc	7,138,060	10	0.22%
	$ 174,658,011		5.31%

Source: Dallas County Tax Office

Table 9

City Of Rowlett, Texas

Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Total Tax Collections	Accumulated Delinquent Taxes	Percentage of Levy
2009	$ 25,022,666	$ 24,529,136	98.03%	$ 478,372	$ 25,007,508	$ 15,158	99.94%
2010	24,432,408	23,999,437	98.23%	415,533	24,414,970	17,438	99.93%
2011	23,945,717	23,650,873	98.77%	278,209	23,929,082	16,635	99.93%
2012	23,605,280	23,335,522	98.86%	250,186	23,585,708	19,572	99.92%
2013	23,111,624	22,902,665	99.10%	187,782	23,090,447	21,177	99.91%
2014	23,072,444	22,904,595	99.27%	143,722	23,048,317	24,127	99.90%
2015	25,318,845	25,128,168	99.25%	156,358	25,284,526	34,319	99.86%
2016	27,332,380	27,062,463	99.01%	211,079	27,273,542	58,838	99.78%
2017	29,530,076	29,350,720	99.39%	88,889	29,439,609	90,467	99.69%
2018	32,629,060	32,440,060	99.42%	-	32,440,060	189,000	99.42%

Source: Dallas County Tax Office - jurisdiction reports

City of Rowlett, Texas

Ratios of Outstanding Debt By Type (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Leases	Bond Premiums
2009	$ 35,175,000	$ 52,975,000	$ 20,000	$ 1,017,655	$ -
2010	37,590,000	45,410,000	-	1,797,282	-
2011	33,370,000	43,040,000	-	2,509,351	-
2012	25,642,298	34,010,000	-	2,381,898	1,800,637
2013	22,516,497	31,765,000	-	2,817,990	1,524,918
2014	24,387,041	22,095,000	-	4,063,254	1,797,719
2015	59,613,462	880,000	1,235,000	5,299,215	4,917,122
2016	58,866,953	2,700,000	1,070,000	4,271,557	4,983,517
2017	63,893,994	2,545,000	895,000	3,233,339	4,681,208
2018	76,535,928	2,385,000	2,520,000	2,467,172	4,991,594

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 10

Business-Type Activities							
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Capital Leases	Bond Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
$ 44,560,000	$ -	$ 4,365,000	$ 3,773,272	$ -	$ 141,885,927	5.96%	2,502
41,340,000	-	4,190,000	3,503,499	-	133,830,781	5.53%	2,375
37,995,000	1,140,000	4,010,000	3,548,806	-	125,613,157	4.75%	2,203
42,628,851	12,013,851	3,820,000	3,459,450	1,664,396	127,421,381	4.59%	2,207
39,121,751	11,841,752	3,620,000	3,487,159	1,413,348	118,108,415	4.09%	2,035
40,266,479	12,186,480	3,410,000	3,236,256	1,494,713	112,936,942	3.87%	1,931
25,330,000	13,926,538	225,000	3,419,277	2,565,541	117,411,155	3.83%	1,957
23,215,000	12,693,047	-	3,721,764	2,134,112	113,655,950	3.58%	1,887
21,030,000	11,191,006	-	2,773,624	1,733,707	111,976,878	3.40%	1,806
23,830,000	9,629,071	-	1,913,003	1,725,745	125,997,513	3.58%	2,004

Table 11

City of Rowlett, Texas

Ratios of Net General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds and Certificates of Obligations	Less: Amounts in Debt Service Fund	Net	Percentage Taxable Assessed Value [1]	Per Capita [2]
2009	$ 88,170,000	$ 114,017	$ 88,055,983	2.61%	1,553
2010	83,000,000	-	83,000,000	2.53%	1,473
2011	77,550,000	11,709	77,538,291	2.41%	1,360
2012	73,466,786	138,242	73,328,544	2.31%	1,270
2013	67,648,167	249,778	67,398,389	2.16%	1,161
2014	60,466,240	143,808	60,322,432	1.94%	1,032
2015	80,572,122	768,718	79,803,404	2.43%	1,330
2016	80,313,517	-	80,313,517	2.24%	1,333
2017	83,206,208	279,683	82,926,525	2.11%	1,338
2018	96,061,593	350,876	95,710,717	2.18%	1,522

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] See Table 6 for property value data.
[2] See Table 15 for population data.

Source: City of Rowlett - Finance Department

Table 12

City of Rowlett, Texas

Computation of Direct and Overlapping Debt (Unaudited)
September 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Dallas County Properties:			
Debt repaid with property taxes:			
Dallas County	$ 172,265,000	1.56%	$ 2,687,334
Dallas County Community College District	228,350,000	1.56%	3,562,260
Dallas County Hospital District	687,775,000	1.56%	10,729,290
Dallas County Schools	36,600,000	1.56%	570,960
Garland Independent School District	595,540,090	20.14%	119,941,774
Rockwall County Properties:			
Debt repaid with property taxes:			
Rockwall County	99,520,000	6.03%	6,001,056
Rockwall Independent School District	480,596,636	6.52%	31,334,901
Subtotal, overlapping debt			174,827,575
City of Rowlett, direct debt			88,899,694
Total direct and overlapping debt			$ 263,727,269

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Rowlett. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: Debt outstanding and estimated percentage applicable for taxing entities other than the City was obtained from the Municipal Advisory Council of Texas.

Table 13

City of Rowlett, Texas

Computation of Legal Debt Margin (Unaudited)

September 30, 2018

As a home rule city, the City of Rowlett is not limited by law in the amount of debt it may issue. The City's Charter (Section 6.04) states:

> The City Council shall have the power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City, not exempt from taxation by the Texas Constitution and the laws of the state, not to exceed a total of one dollar and twenty-five cents ($1.25) per one hundred dollars ($100.00) assessed valuation…

The City Charter (Section 7.01) also states:

> The City shall have the right and power to borrow money for public purposes by whatever method it may deem to be in the public interest. The City shall have the right and power to issue tax bonds, revenue bonds, and any other evidences of indebtedness for permanent public improvements or for any other public purpose not prohibited by law or this Charter…

Article 11, Section 5 of the State of Texas Constitution states in part:

> . . . but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such City…

The tax rate at September 30, 2018, is $ 0.777173 per $100 of assessed valuation, with assessed valuation being 100% of appraised value.

Source: City of Rowlett - Finance Department

Table 14

City of Rowlett, Texas

Schedule of Revenue Bond Coverage –
Water & Sewer Bonds (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other [2]	Less: Operating Expenses [3]	Net Available Revenue	Debt Service [1]		Coverage
				Principal	Interest	
2009	$ 20,634,778	$ 11,772,634	$ 8,862,144	$ 2,621,176	$ 899,647	2.52
2010	21,570,878	12,775,053	8,795,825	2,583,750	836,260	2.57
2011	23,579,540	13,423,497	10,156,043	2,713,929	828,115	2.87
2012	22,602,722	15,268,474	7,334,248	1,530,750	421,456	3.76
2013	25,357,867	15,469,264	9,888,603	1,435,789	382,656	5.44
2014	24,921,020	16,921,253	7,999,767	1,404,000	416,408	4.39
2015	26,608,183	17,126,482	9,481,701	1,333,158	348,908	5.64
2016	26,572,514	19,045,209	7,527,305	1,289,722	320,797	4.67
2017	27,958,290	18,637,098	9,321,192	1,237,059	293,765	6.09
2018	31,588,402	21,444,429	10,143,973	1,191,500	324,215	6.69

[1] Debt service requirements are the average annual requirements.

[2] Total revenues excluding interest income and including capital recovery fees.

[3] Total expenses excluding depreciation, interest expense, and fiscal charges.

Source: City of Rowlett - Finance Department

Table 15

City of Rowlett, Texas

Demographic and Economic Statistics (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Personal Income [2]	School Enrollment [3]	Unemployment Rate [4]	
					Dallas County	Rowlett
2009	56,716	$ 2,382,525,728	$ 42,008	11,499	7.4%	7.0%
2010	56,354	2,418,319,202	42,913	11,555	8.7%	8.0%
2011	57,015	2,646,237,195	46,413	11,382	8.8%	7.9%
2012	57,727	2,774,879,163	48,069	11,215	7.6%	7.2%
2013	58,043	2,889,612,712	49,784	11,065	6.7%	6.1%
2014	58,476	2,917,250,688	49,888	11,050	5.7%	5.5%
2015	60,002	3,063,162,102	51,051	11,101	4.4%	4.0%
2016	60,236	3,175,581,684	52,719	10,696	4.0%	3.7%
2017	61,999	3,291,030,918	53,082	10,564	4.0%	3.7%
2018	62,868	3,520,356,528	55,996	10,368	3.7%	3.5%

[1] US Census

[2] U.S. Department of Commerce: Bureau of Economic Analysis. Per Capita Personal Income represents the Dallas-Plano-Irving, TX Metropolitan Division. 2007 & 2008 are estimated based on changes in State of Texas personal income.

[3] Texas Education Agency Standard Reports - Enrollment. Totals include only students attending schools within City of Rowlett boundaries.

[4] Texas Workforce Commission (Rowlett specific data is unavailable for years prior to 2005).

Sources: U.S. Cenus, U.S. Department of Commerce, Texas Education Agency, Texas Workforce Commission

Table 16

City of Rowlett, Texas

Principal Employers (Unaudited)
Current Year and Nine Years Ago

	2018				2009		
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Garland ISD (City schools only)	996	1	2.99%	Garland ISD (City schools only)	1,076	1	3.91%
Baylor Scott & White Medical Center	840	2	2.52%	Lake Pointe Medical Center	700	2	2.54%
City of Rowlett	414	3	1.24%	Wal-mart Supercenter	500	3	1.82%
Wal-mart Supercenter	404	4	1.21%	City of Rowlett	393	4	1.43%
DR Horton	261	5	0.78%	Target Corporation	275	5	1.00%
Target Corporation	218	6	0.66%	Senior Care at Lake Pointe	190	6	0.69%
The Home Depot	160	7	0.48%	Rowlett Nursing Home	152	7	0.55%
Tom Thumb	135	8	0.41%	H & S Manufacturing	135	8	0.49%
Senior Care Centers	130	9	0.39%	Store Décor	126	9	0.46%
IES Residential, Inc.	120	10	0.36%	Albertson's, Inc.	125	10	0.45%
	3,678		11.04%		3,672		13.34%

Source: City of Rowlett - Economic Development Department and 2009 CAFR

City of Rowlett, Texas

Full Time Equivalent Employees by Function/Fund (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year 2018	2017	2016	2015	2014	2013
General government:						
City council	3.50	3.50	3.50	3.50	3.50	3.50
City manager	7.00	6.00	6.00	7.00	5.00	5.00
City secretary	4.00	3.50	3.50	3.50	3.50	3.50
Financial services	21.50	20.50	24.50	22.50	22.00	20.00
Information technology	7.00	7.00	7.00	7.00	5.00	5.00
Public information office	-	-	-	-	-	-
Human resources	6.00	6.00	5.50	5.50	5.00	3.00
Buildings and grounds	7.00	7.00	7.00	7.00	7.00	7.00
Public safety:						
Police	116.25	116.25	115.25	114.25	110.00	110.00
Fire	79.00	79.00	79.00	78.50	77.00	77.00
Municipal court	7.00	7.00	6.00	6.50	7.00	7.00
Animal services	6.00	6.00	6.00	5.50	6.00	5.25
Environmental services	9.00	9.00	7.00	6.00	6.00	6.00
Public works:						
Administration and engineering	13.25	14.00	14.00	11.00	12.25	11.50
Streets	15.00	15.00	15.00	13.00	13.00	14.00
Fleet services	3.00	3.00	3.00	3.00	3.00	3.00
Water and sewer	28.00	28.00	24.00	20.00	20.00	19.00
Drainage	2.00	2.00	2.00	2.00	2.00	2.00
Refuse	1.00	0.50	0.50	0.50	-	-
Culture and recreation:						
Parks administration	3.00	3.00	3.00	3.00	2.00	2.00
Parks operations	18.00	18.00	18.00	16.00	12.00	12.00
Community centre	11.80	11.30	11.30	11.05	10.30	10.30
Wet zone	20.70	20.70	20.70	20.70	20.70	20.70
Library services	15.25	15.25	15.00	16.00	16.00	17.00
Development:						
Planning	10.00	10.00	10.00	9.00	4.25	4.00
Building inspections	10.75	10.00	11.00	9.00	2.50	1.00
GIS	2.00	1.00	1.00	1.00	1.00	1.00
Economic development	3.00	3.00	3.00	2.00	2.00	2.00
Total	430.00	425.50	421.75	404.00	378.00	371.75
Fund						
General	399.00	395.00	379.75	367.00	341.50	335.25
Water and sewer	29.00	28.50	40.00	35.00	34.50	34.50
Drainage	2.00	2.00	2.00	2.00	2.00	2.00
Wet zone	n/a	n/a	n/a	n/a	n/a	n/a
Fleet services	n/a	n/a	n/a	n/a	n/a	n/a
Information technology	n/a	n/a	n/a	n/a	n/a	n/a
Total	430.00	425.50	421.75	404.00	378.00	371.75

Source: City of Rowlett - Finance Department Budget Book

Fiscal Year			
2012	**2011**	**2010**	**2009**
3.50	3.50	3.50	3.50
6.50	4.00	4.00	3.00
2.00	3.00	3.00	3.00
20.00	20.00	21.00	21.00
5.00	5.00	5.00	5.00
-	4.00	4.00	5.00
3.00	3.00	3.00	3.00
7.00	7.00	7.00	6.00
110.00	110.50	115.00	115.00
78.00	76.00	76.00	76.00
7.00	7.00	7.00	7.50
5.25	5.00	5.00	5.00
6.00	6.00	6.00	5.50
11.50	10.50	7.00	9.00
14.00	14.00	14.00	14.00
3.00	3.50	3.50	3.00
19.00	20.00	23.50	23.00
2.00	2.00	2.00	3.00
-	-	-	-
2.00	2.00	2.00	4.00
12.00	12.00	12.00	11.50
10.00	10.00	11.00	9.50
21.00	21.00	21.00	22.00
17.00	17.00	17.00	16.50
4.00	3.25	3.25	5.00
1.00	2.00	2.00	4.00
1.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00
372.75	375.25	381.75	387.00
336.25	339.75	346.25	343.00
34.50	33.50	33.50	33.00
2.00	2.00	2.00	3.00
n/a	n/a	n/a	n/a
n/a	n/a	n/a	3.00
n/a	n/a	n/a	5.00
372.75	375.25	381.75	387.00

City of Rowlett, Texas

Operating Indicators By Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year 2018	2017	2016	2015	2014	2013
Public safety:						
Number of police employees	116	116	115	111	116	110
Number of citations	7,895	7,903	7,828	11,684	12,657	10,241
Number of fire employees	79	79	79	79	78	77
Number of fire calls	1,842	1,676	2,332	2,520	1,603	1,316
Number of EMS calls	3,717	5,095	3,333	3,046	2,900	2,758
Fire inspections	896	958	1,247	916	1,586	622
Public works:						
Asphalt replaced (tons)	9,350	4,480	4,894	1,437	11,335	5,136
Concrete placed (cubic yards)	12,970	2,704	1,476	926	3,688	387
Concrete pavement (sq ft)	530,606	110,619	60,368	857	150,888	141,049
Culture and recreation:						
Volumes in collection	74,816	81,083	78,518	88,774	93,061	99,945
Development:						
Permits issued	262	189	285	183	119	78
Water and sewer:						
Number of water customers	20,416	20,338	19,920	19,786	19,201	20,178
Average daily water consumption	5,992,052	6,926,000	6,622,000	6,409,000	8,444,000	6,505,457
Peak daily water consumption	15,576,000	14,375,000	18,134,000	22,907,000	12,396,000	15,803,000
Number of sewer customers	19,436	19,286	18,947	18,734	18,657	18,469
Average daily sewer usage	5,000,000	5,058,000	5,437,100	4,216,000	3,893,000	3,664,614

Source: City of Rowlett Departments

Fiscal Year			
2012	**2011**	**2010**	**2009**
110	111	115	115
10,870	10,675	20,188	22,587
78	76	76	76
1,245	1,295	1,278	1,160
2,354	2,384	2,572	2,421
1,153	1,450	992	1,166
10,504	6,823	5,562	1,457
5,465	7,389	8,862	14,313
223,551	302,292	359,275	495,007
93,972	75,103	106,436	100,480
87	27	28	52
19,383	19,311	19,227	19,354
6,959,891	7,227,667	6,196,262	6,363,270
20,270,000	22,606,000	17,772,000	16,238,000
18,383	18,323	18,304	18,388
4,121,000	3,695,811	3,723,123	3,720,899

City of Rowlett, Texas

Capital Asset Statistics by Function/Program (Unaudited)

Last Ten Fiscal Years

Function/Program	Fiscal Year 2018	2017	2016	2015	2014	2013
Public safety:						
Police stations	1	1	1	1	1	1
Marked police units	37	53	39	23	22	24
Fire stations	4	4	4	4	4	4
Public works:						
Miles of streets	531	531	551	378	466	466
Miles of alleys	105	105	105	105	105	105
Culture and recreation:						
Parks acreage - developed	371	609	608	608	608	620
Parks acreage - undeveloped	314	374	375	376	376	364
Libraries	1	1	1	1	1	1
Water and sewer:						
Water mains (miles)	270	270	262	259	256	225
Fire hydrants	3,050	3,050	3,020	3,003	3,003	2,097
Sewer mains (miles)	250	250	244	244	241	240

Source: City of Rowlett departments

Fiscal Year			
2012	**2011**	**2010**	**2009**
1	1	1	1
25	25	25	24
4	4	4	4
531	530	534	534
105	105	105	105
608	608	607	607
377	377	377	377
1	1	1	1
254	255	255	253
2,093	1,908	1,876	2,012
239	236	236	235

Rowlett
TEXAS